UNIVERSITY OF MANITOBA

ANNUAL FINANCIAL REPORT 2008

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MISSION STATEMENT

"The mission of the University of Manitoba is to create, preserve and communicate knowledge, and thereby, contribute to the cultural, social and economic well-being of the people of Manitoba, Canada and the world." The University of Manitoba's strategic academic plan, "*Building for a Bright Future*", sets out five institutional priorities for success which were developed to meet the mission and to realize the University's vision:

"To affirm the position of the University of Manitoba among the best of Canada's research-intensive institutions and to lead our nation in demonstrating a commitment to the education of a broad sector of society."

The five institutional priorities are as follows:

1. Provide Access to an Exceptional Education;
2. Attract and Retain the Best Faculty and Students;
3. Be a Centre for Research and Graduate Education that Makes a Difference to our Province, our Nation and our World;
4. Provide the Human, Physical and Technological Infrastructure Necessary for Learning and Research; and
5. Be at the Centre of our Community: On Manitoba.

REPORT OF THE BOARD OF GOVERNORS

To the Minister of Advanced Education and Literacy, Winnipeg, Manitoba

In Compliance with Section 22(1) of The University of Manitoba Act, the Annual Report on the financial affairs of the University for the year ended March 31, 2008 is herewith submitted to the Minister of Advanced Education and Literacy. In this report, we set forth in detail –

(a) the receipts and expenditures for the next preceding fiscal year,
(b) the investments as they stood at the end of the year, and
(c) other particulars which may be of interest to the Minister of Advanced Education and Literacy.

Included with this Report are the Financial Report of the Vice-President (Administration), the Statement of Management Responsibility for Financial Reporting and the Report of the Auditor General of the Province of Manitoba on the audit of the accounts of the University.

Receipts and Expenditures:
Summary of General Operating Fund Results
(in thousands of dollars)

	Year Ended March 31 2008	2007
Revenues and Other Additions	$ 431,733	$ 406,229
Expenditures and Other Deductions	384,320	366,114
Net Revenues	47,413	40,115
Appropriated To Specific Provisions	(24,235)	(12,247)
Inter-Fund Transfers	(23,141)	(27,824)
Net Increase To Fund Balances	$ 37	$ 44

Additions exceeded deductions by $47,413,000 for the current fiscal year. Net appropriations of $24,235,000 were made to specific provisions and an amount of $23,141,000 was transferred to other funds. The resulting net surplus of $37,000 has been added to the general operating balance in the General Operating Fund, increasing it to a balance of $2,230,000 as at March 31, 2008.

Investments:
Investment holdings at March 31, 2008 were as follows (at fair value):
(in thousands of dollars)

Canadian Bonds and Other Fixed Income	$ 89,722
Canadian Equities	116,472
U.S. Equities	66,738
International Equities	51,381
Pooled Real Estate	32,331
Other Short Term Investments	170,262
	$ 526,906

Details of the above summaries will be found in the Consolidated Financial Statements of the University which follow.

REPORT OF THE BOARD OF GOVERNORS

Members of the Board of Governors:

At March 31, 2008 the members of the Board of Governors were as follows:

Chair
Terry Sargeant, B.A., LL.B

Vice-Chair
Shirley Van Schie, B.A. (Adv.), M.A., LL.B.

Chancellor
William Norrie, C.M., O.M., Q.C., B.A., LL.B., LL.D. (Manitoba), LL.D. (Winnipeg), D.P.M. (Manila)

President and Vice-Chancellor
Emőke J.E. Szathmáry, C.M., B.A. (Hons.), Ph.D., LL.D. (Toronto), D.Sc. (Western Ontario), D.Litt.S. (St. Michael's College), F.R.S.C., LL.D. (York)

Appointed by the Lieutenant-Governor-in-Council:
Aaron Berg, B.A. (Hons.), LL.B.
Alfred Black, B.Math., M.Math.
Patricia Bovey, B.A.
Ryan Eyford, B.A. (Hons.), M.A.
Ellen Gordon, B.A., M.S.W.
Steven Hennessey, B.Sc.
Janice Lederman, B.A., LL.B.
Heather Milan, B.Sc.
Terry Sargeant, B.A., LL.B.
Melissa Sitter, B.Sc.
Thomas Strutt, B.A. (Hons.), M.A., LL.B.
Shirley Van Schie, B.A. (Adv.), M.A., LL.B.

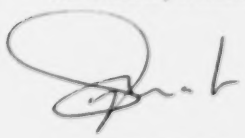
Elected by Senate
Judy Anderson, B.Sc., B.Sc.(Med.), Ph.D.
Doug Ruth, B.Sc., M.Sc., Ph.D.
Richard Sigurdson, B.A., M.A., Ph.D.

Elected by Graduates
Romel Dhalla, B.A., B.Comm. (Hons.)
Gwen Hatch, B.A., LL.B.
Doug Ward, Q.C., B.A., LL.B.

Elected by the University of Manitoba Students Union
Rachel Heinricks, B.A.
Matt McLean, B.A., M.A.
Garry Sran, B.A.

University Secretary
Jeffrey M. Leclerc, B.Ed.

Respectfully submitted,
The Board of Governors,
The University of Manitoba.



Terry Sargeant,
Chair.

FINANCIAL REPORT OF THE VICE-PRESIDENT (ADMINISTRATION)

The 2007-2008 fiscal year began with significant budgetary challenges. While the Provincial base operating grant increase of 7.2% was the largest in over two decades and clearly recognized that the Universities require additional funding, the University still faced a shortfall of $6.2 million between the funds requested and the funds received. Due to the cumulative effect of many years of grant increases that were significantly lower than requested and in light of the impact of the eight years of tuition freeze, a 10.1% increase had been requested to maintain existing programs and services. The annual shortfall in funding has resulted in significant consequences for units. First, it has limited the ability of the University to provide most units with any funds to cover non-salary inflation increases. This has seriously eroded spending power which essentially equated to a budget decrease for most units. Also, in many instances, units have had to reduce or eliminate teaching assistants, increase reliance on part-time sessional lecturers rather than full-time faculty positions, or reduce support staff positions.

Through selective budget reductions, internal reallocations and the implementation of laboratory fees, a balanced 2007-2008 budget was developed and approved by the Board of Governors. The implementation of laboratory fees was consistent with the direction provided by the Province "that increases in other fees, which may be related to costs beyond the control of institutions, will be reasonable and justifiable." Although the recommended 2007-2008 operating budget was balanced, it still fell short of addressing the requirements of a research intensive university. In an environment of declining enrolment levels, the cumulative effect of the tuition fee freeze and many years of less than adequate government grant increases has left many faculties and units within the University struggling to make ends meet.

Although we sincerely appreciate the increases made to the Provincial operating grant, many exciting initiatives remain unfunded. Balancing the budget in this fiscally constrained environment has put the University of Manitoba at a disadvantage compared to other universities across the country.

Despite this challenge, the University community continues to be highly successful in its quest for excellence. Under the leadership of Dr. Emőke Szathmáry, the University of Manitoba has continued to make significant progress toward achieving the priorities identified in Building for a Bright Future, the University's strategic academic plan.

The following provides an overview of the financial results of the University for the fiscal year ended March 31, 2008. In doing so I share the University community's success in moving the University forward in achieving its vision over the past fiscal year.

Investing in Manitoba's Future

For fiscal year 2007-2008, total University revenue in all of its Funds (unrestricted and restricted) was $621.9 million, an increase of 2.9% over 2006-2007 revenue of $604.4 million. Approximately $291.1 million or 46.8% of the University's total revenue comes from the Province of Manitoba through the Council on Post-Secondary Education ("COPSE"), Manitoba Health, Manitoba Student Aid, Agriculture, and various provincial councils and funds in support of teaching, innovation, capital and research.

Students, through their tuition and related fees, provide a major source of revenue in support of the University's operation, with $99.7 million being assessed and collected in 2007-2008, a small increase over 2006-2007 fees. Fees represent about 16.0% of total revenues. Although revenues were increased as a result of the new laboratory fees and student endorsed increases to Engineering tuition, slight decreases in undergraduate credit hours offset those increases.

The Government of Canada is also a major supporter of the University of Manitoba. In 2007-2008, contributions of $81.0 million, or 13.0% of total revenues were received, relating to specific research projects awarded through the federal granting councils ($63.9 million), special project funding of $4.4 million for programs such as the Northern Medical Unit, major capital projects and awards under the Canada Foundation for Innovation and Western Economic Diversification programs ($3.6 million), the Indirect Costs of Research program ($8.4 million) and other smaller programs such as Careerstart. Also, the City of Winnipeg contributed $3.2 million during the year related to the indoor soccer complex now under construction.

The University of Manitoba received $90.2 million in contributions, donations and grants in support of research, special projects and initiatives, capital, chairs, scholarships, bursaries and staff benefits in 2007-2008 from our generous individual and corporate donors, contributors and employees. This represents 14.5% of total revenue. Much of this revenue is restricted for various purposes by the donor, contributor or employee (as is the case for employee contributions to staff benefits plans) and as such cannot be used to support the general operation of the University.

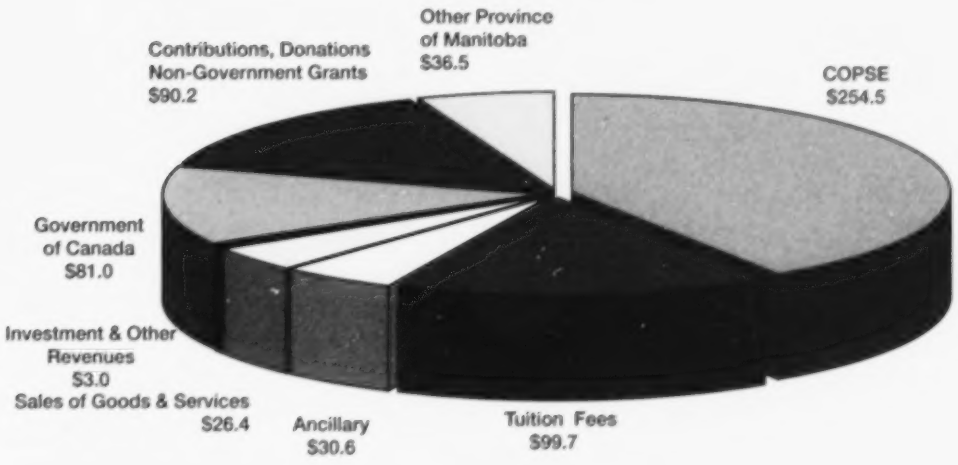
The University's Ancillary Services, which are comprised of the Book Store, Residences, Parking and Pharmacy generated $30.5 million or 4.9% of total revenue in 2007-2008. Ancillary Services are completely self-sustaining and contribute to the University's operation by covering their share of overhead in addition to their direct costs, as well as the capital costs of refurbishing Ancillary facilities, acquiring equipment and constructing and upgrading parking lots. They also support non-revenue generating units such as Security Services.

The sale of various goods and services generated 4.2% of total revenues in 2007-2008 or $26.4 million for many faculties and schools, supplementing the resources that are available to them for operating purposes while at the same time providing valuable linkages to the community.

Although the Operating Fund earned investment income and other miscellaneous revenue, this was offset by unrealized losses on Restricted Fund investments. It should be noted that the University moved to recording investments at fair value effective April 1, 2007. This change was required by changes in generally accepted accounting principles and resulted in an increase in investments of $64.3 million for net unrealized capital gains in existence at March 31, 2007. As described more fully later in this report, fair values declined by the end of the year and the new accounting standard also required recording of these unrealized losses.

The pie chart in **Table 1, Total Revenue - All Funds** is a pictorial representation of the revenues of the University from these various sources.

Table 1
Total Revenue - All Funds ($621.9M)
(General Operating $431.7M; Restricted $173.8M; Endowment $16.4M)
March 31, 2008


Other Province of Manitoba $36.5
Contributions, Donations Non-Government Grants $90.2
COPSE $254.5
Government of Canada $81.0
Investment & Other Revenues $3.0
Sales of Goods & Services $26.4
Ancillary $30.6
Tuition Fees $99.7

University Operating Results

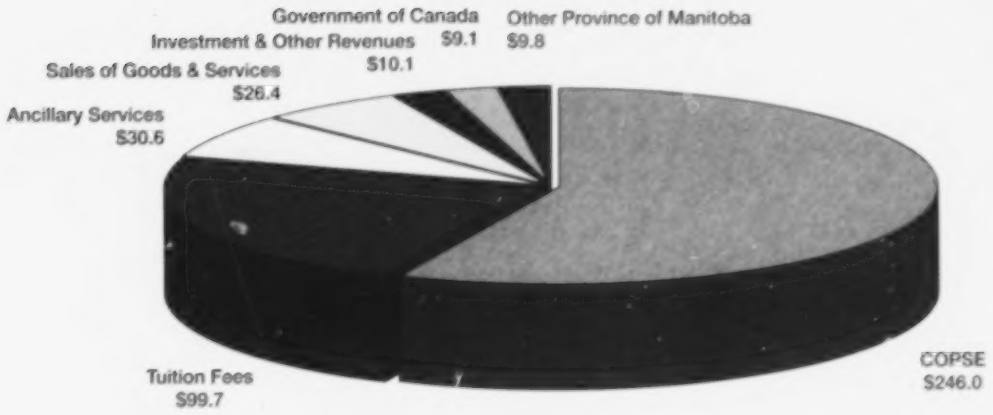
The operating results of the University of Manitoba for fiscal year 2007-2008, shown on a comparative basis with 2006-2007, are summarized in **Table 2, General Operations**, together with the April 1, 2007 Board of Governors approved operating budget. Operating revenues are shown by source, and expenses by function and type, to provide an overview on how the University spends its resources in the General Operating Fund. The University has historically been very successful at achieving a balanced budget at the end of each fiscal year. This is due to a strong commitment on the part of the University's administration to fiscal responsibility and financial stability as well as a strong commitment by faculties, schools, libraries and support units who share in that responsibility. This is achieved in a decentralized system of budgetary control whereby academic and support units are allocated resources on an annual basis to meet their strategic priorities and those of the University. These operating units are provided with procedures to administer their budgets responsibly and to ensure that there is accountability for the resources that are transferred to them.

Table 2
General Operations
Summary Statement
(in thousands of dollars)

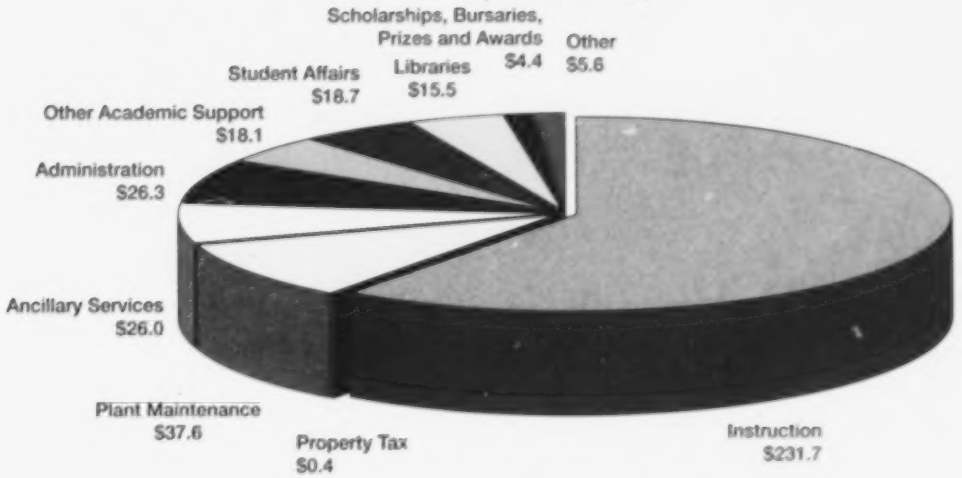
	April 1, 2007 Budget	March 31, 2008 Actual	March 31, 2007 Actual
Revenue:			
COPSE	$ 245,569	$ 245,972	$ 229,104
Tuition Fees	99,310	99,670	99,092
Ancillary Services	29,344	30,546	29,191
Sales of Goods & Services	26,570	26,403	25,996
Investment & Other Revenues	5,590	10,183	9,343
Government of Canada	8,489	9,129	8,930
Other Province of Manitoba	4,814	9,830	4,573
	419,686	431,733	406,229
Expense by Function:			
Instruction	$ 213,974	$ 231,681	$ 222,567
Plant Maintenance	40,685	37,550	37,355
Ancillary Services	27,442	26,045	25,157
Administration	30,183	26,295	25,083
Other Academic Support	19,460	18,134	18,430
Student Affairs	16,956	18,741	17,558
Libraries	23,196	15,534	15,053
Scholarships, Bursaries, Prizes and Awards	5,759	4,381	3,921
Other	4,366	5,563	645
Property Tax	600	396	345
Central Reserves *	26,469		
	409,090	384,320	366,114
Net Revenue	10,596	47,413	40,115
Net Transfer to/from Other Funds	(10,596)	(47,376)	(40,071)
Net Increase to Fund Balance	$	$ 37	$ 44
Expense by Type:			
Salaries & Wages	$ 233,088	$ 253,431	$ 245,152
Supplies and Expenses	102,497	51,659	45,793
Staff Benefits	31,780	38,338	36,719
Ancillaries Cost of Goods Sold	14,797	15,375	14,790
Utilities	15,559	15,273	14,107
Payroll Tax Levy	5,010	5,467	5,287
Scholarships, Bursaries, Prizes and Awards	5,759	4,381	3,921
Property Tax	600	396	345
	$ 409,090	$ 384,320	$ 366,114

* Represents funds budgeted for distribution to unit budgets during the year for salary and contract increases and other centrally funded initiatives.

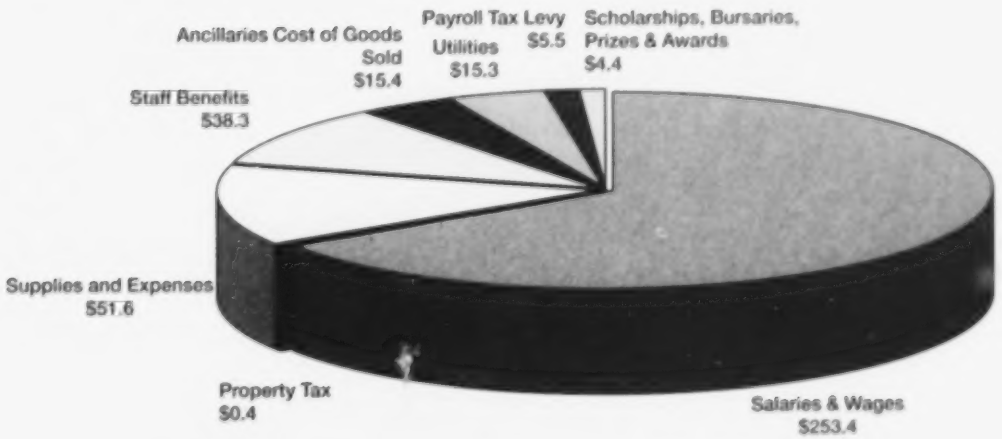
General Operating Fund
Revenue by Source
March 31, 2008
(Total $431.7M)



Expense by Function
March 31, 2008
(Total $384.3M)



Expense by Type
March 31, 2008
(Total $384.3M)



The current fiscal year is no exception with a general operating surplus of $37,000 after net transfers of $47.4 million to other funds. The most significant of these are transfers to the capital fund of $25.2 million for the acquisition of furniture and equipment, computers, library acquisitions and vehicles and for the renovation of various facilities. The use of operating funds to support the acquisition of minor capital is consistent with practices in prior years as funding is generally not available from other sources. Because the University uses fund accounting to account for its revenues and expenses there are, however, many transfers between funds which are detailed in the notes to the accompanying financial statements.

As detailed in Table 2, general operating expenses increased by $18.2 million or 5.0% in fiscal 2007-2008 over 2006-2007. In the review of operating expenses by function, about $9.1 million of the increased expense is attributable to the instruction of students. The increase in Other expense reflects a $4.3 million swing in the actuarially determined Staff Benefits contra expense from a $2.9 million recovery last year to a $1.5 million expense in 2007-2008. Student Affairs and Administration expenses each increased by $1.2 million year-over-year. Details on operating expenses by unit, are included in Schedule 7 of the Annual Financial Report.

Staff

The University of Manitoba's most valuable resource is its faculty and staff who bring their knowledge, expertise and commitment to the table, working in a collegial fashion to achieve the University's goals. Salaries, wages, benefits and payroll tax represents about 77.3% of the current year's operating expenses. Of the 3,702 full time equivalent ("FTE") staff the university employed during the year, 1,663 were faculty and 2,039 were administrative staff. Ancillary Services employed a further 128 FTE staff. Staffing levels have remained relatively stable compared to the prior year.

People are the driving force in the overall success of the University of Manitoba - faculty and staff are committed to providing students with the exceptional education that they expect and deserve. The student experience in the classroom and the research laboratories is paramount to their future success. Attracting and retaining the best faculty and staff is challenging in a university environment as universities world-wide compete for the best by offering attractive compensation packages, state-of-the-art facilities in which to teach and perform research and state-of-the-art equipment in the classrooms and laboratories.

Faculty achievements in 2007-2008 throughout the University community were many and varied and are too numerous to detail in this report. To name a few: Dr. Paul Thomas, political studies, received the Association of Professional Executives of the Public Service of Canada (APEX) Award of Excellence; Dr. Lesley Degner, nursing, received the National Cancer Institute of Canada's Diamond Jubilee Award; and Dr. Frank Plummer, medical microbiology, received the prestigious Canadian Institutes of Health Research Michael Smith Prize in Health Research. Climate change researchers continued their work throughout the winter on Canada's largest International Polar Year project led by Dr. David Barber, environment and geography. Faculty members across the University also received awards for teaching excellence and Dr. Robert Hill, plant science, was honoured with the Dr. John Bowman Winnipeg Rh Institute Foundation award which is given to recognize outstanding research accomplishments by senior university faculty.

Students

Enrolment this year has remained at just under 27,000 students, similar to last year. Graduate student numbers remained relatively stable. The University strives to increase the number of graduate students as the key to a successful research program at any medical doctoral university is the ability to attract and retain quality graduate students. These students typically align themselves with academic staff who are conducting research in their area of interest, allowing for an inter-generational passing of knowledge as well as a strengthening of the knowledge base which is being created.

There has been growth in the number of self-declared Canadian Aboriginal students. This comes at the same time as we near completion of Aboriginal House. Inclusive of all Aboriginal peoples and cultures, including First Nations, Metis, and Inuit, this centre will be a hub of support and services for students. The University is proud of its track record in creating opportunities for Aboriginal students and we expect the existence of this facility will extend even greater opportunity for students to excel at University and ultimately pursue successful careers in all areas of the economy.

Table 3, Selected Statistics provides information on undergraduate and graduate student enrolments by session, self-declared Aboriginal students by faculty/school as well as undergraduate student credit hours by session, degrees, diplomas and certificates conferred on our graduates, the general operating grant, the tuition fee rebate grant, tuition fee income, and scholarships and bursaries paid in each of the past five years.

Table 3
Selected Statistics

	Fall Term 2007	Fall Term 2006	2005-2006	2004-2005	2003-2004
Enrolment					
Total Students[1,2]	26,832	26,931	28,049	27,631	26,572
•Undergraduate students	23,062	23,251	24,267	23,935	23,032
% Annual Change	(0.8)	--	1.4	3.9	6.0
Full-Time	18,785	18,494	17,904	17,633	16,885
Part-Time	4,277	4,757	6,363	6,302	6,147
•Graduate students	3,290	3,236	3,332	3,260	3,112
% Annual Change	1.7	--	2.2	4.8	9.1
Full-Time	2,487	2,463	2,352	2,335	2,240
Part-Time	803	773	980	925	872
•Post-Graduate Medical Education Students	480	444	450	436	428
Summer Enrolment	9,513	9,638	11,127	10,328	9,951
% Annual Change	(1.3)	--	7.7	3.8	4.8
Full-Time Equivalent Students[1,3]	25,921	25,735	25,983	25,420	24,402
% Annual Change	0.7	--	2.2	4.2	6.5
International Students	2,423	2,602	2,661	2,304	1,718
Self-Declared Canadian Aboriginal Students[4]	1,648	1,578	1,647	1,605	1,401
Agricultural & Food Sciences	11	10	10	8	7
Architecture	11	13	9	6	7
Art, School of	27	24	18	16	12
Arts	215	229	229	194	199
Business, Asper School of	39	37	34	34	38
Dental Hygiene	5	4	-	-	-
Dentistry	6	4	-	-	-
Education	20	64	83	87	68
Engineering	63	53	60	58	59
Environment, Earth, and Resources	25	14	12	12	9
Extended Education	112	123	177	215	194
Graduate Studies	127	106	87	42	23
Human Ecology	25	19	8	12	5
Kinesiology and Recreation Management	33	21	17	20	15
Law	19	22	15	22	20
Medical Rehabilitation	14	12	9	-	-
Medicine	14	9	17	15	14
Music	4	4	4	-	-
Nursing	103	106	159	162	141
Pharmacy	14	12	8	9	8
Post Graduate Medical Education	8	8	-	-	-
Science	107	98	103	98	86
Social Work	218	200	224	222	197
University 1	428	386	358	362	292
Others[5]	-	-	6	11	7
Undergraduate Student Credit Hours					
Fall and Winter	495,370	504,881	529,332	525,330	504,602
Summer [6]	51,855	55,248	43,889	43,775	40,702
On-load [7]	5,556	5,170	4,410	6,970	8,613
Degrees, Diplomas, Certificates Conferred					
Undergraduate	4,052	4,165	4,006	4,009	3,730
Graduate	759	729	696	625	555
General Operating Grant (000's) [8]	$237,951	$221,017	$207,168	$202,411	$198,248
Grant in Lieu of Tuition Fee Rebate (000's)	$8,021	$8,087	$8,225	$8,005	$7,721
Tuition Income (000's)	$99,670	$99,092	$94,264	$86,214	$81,581
Scholarships & Bursaries (000's)	$17,808	$15,831	$12,113	$10,434	$9,430

Note: Fall 2007 figures represent the second year of the implementation of a new student information system. The improvements in reporting for 2007 have been applied to 2006, resulting in restated figures for 2006. Previous years reflect sessional figures and are not strictly comparable.

1. As at November 1st.
2. Includes B.Sc.(Dentistry), B.Sc.(Medicine) and Joint Master's Program students based on workload calculations. Fall 2006 figures do not include students in the inter-north component of the M.P.A. program.
3. Full-Time Equivalent Students: Full-time + (Part-time / 3.5). Includes all terms.
4. Aboriginal identity is a voluntary self declaration made on the Admission form. Therefore, the numbers reported would be less than the total population of Canadian Aboriginal students on campus.
5. Faculties/Schools with less than three students are included in 'Others'.
6. Beginning in 2005-2006, Summer undergraduate student credit hours include Summer distance education courses. Historical data are not strictly comparable.
7. Courses taught during Summer terms as part of Fall and Winter teaching load.
8. Operating Grant excludes first claims and grant in lieu of tuition.

Exciting New Developments in the Endowment Fund

Through the continuing generosity of donors and the prudent work of the Trust Investment Committee, the endowment has more than doubled in size from 2003 to 2008. In 2003 the University Investment Trust ("UIT") and specific trusts amounted to $170 million, and in 2008 they have grown to $342 million. This year, the UIT received over $19 million in new gifts, and another $9 million was received by specific trust funds, most of which will directly support new and existing capital projects. The endowment also generated over $13 million in available spending for beneficiaries. The primary objective of the endowment investments are to maintain real spending power while providing a predictable allocation for the individual accounts of the fund. The annualized real return earned over the past five years is 8.7% (gross return of 10.5% less inflation of 1.8%), which has funded the 4.5% spending rate, and has also grown the market value of each individual endowment account.

The University of Manitoba's endowment realized a loss of 4.2% in the 2008 fiscal year. It was a difficult year as equity investments were hit hard by the sub-prime credit crisis, and the Canadian dollar continued to appreciate against the US dollar, which hurt US based equity returns. In 2008, the endowment has increased its holdings in real estate to $32 million, which is invested entirely in Great West Life Real Estate Pooled Fund. This fund performed admirably, earning a 15.1% annual return. There was also a change in investment managers in the past year. Commonfund, who managed the International equity mandate, was replaced by Legg Mason Brandywine. The Trust Investment Committee is very optimistic that the Legg Mason Brandywine International Equity Fund will deliver strong long-term performance that will help the endowment achieve its real return objectives over full market cycles.

Table 4 and **4.1 Donor Pledges 2007-2008** summarizes pledges received by type of donor and the purpose for which the gift was pledged.

Table 4
Donor Pledges by Constituency
2007-2008
(Total $37.0M)

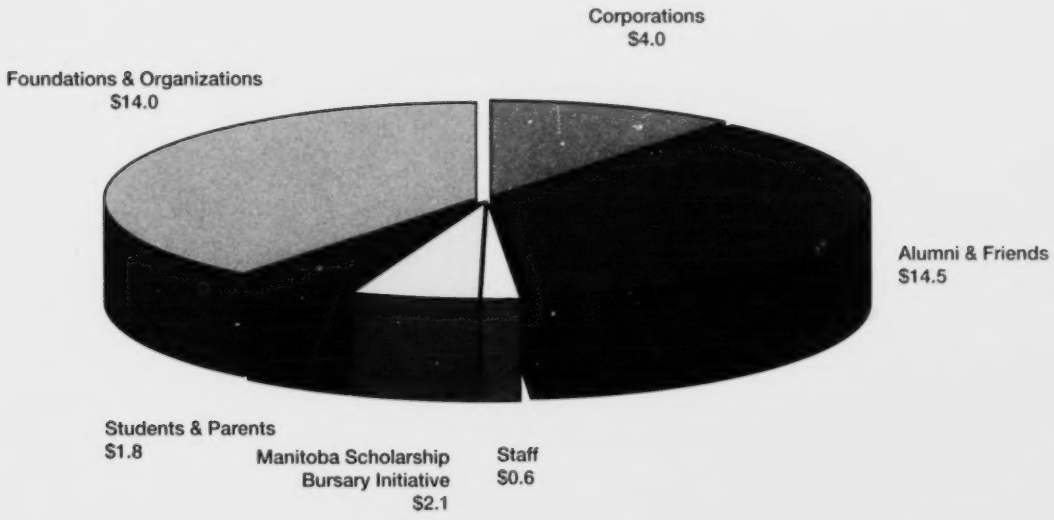
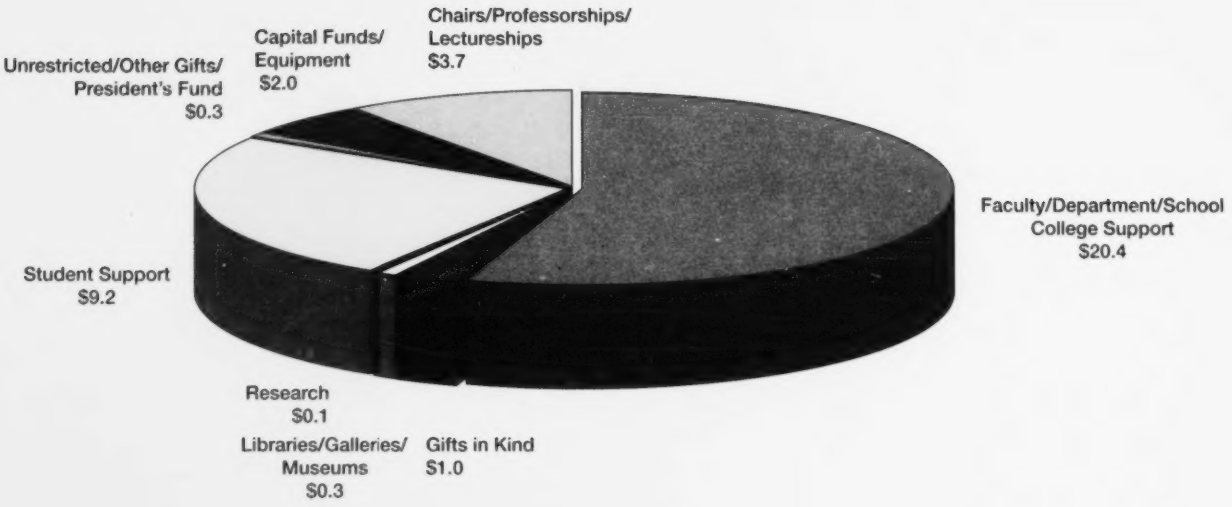


Table 4.1
Donor Pledges by Type of Gift
2007-2008
(Total $37.0M)



World Class Research

The University of Manitoba currently holds 48 Canada Research Chairs, and is an active participant in 13 of Canada's National Networks of Centres of Excellence, including the ISIS Canada Research Network (Intelligent Sensing for Innovative Structures), which is headquartered in the Faculty of Engineering. The University is also home to, or a partner in, 36 research centres, institutes and shared facilities that foster collaborative research and scholarship in a wide variety of fields.

In 2007-2008, the University of Manitoba led Canada's largest International Polar Year (IPY) project. Called the Circumpolar Flaw Lead Study, it brought together more than 200 researchers from 16 countries to examine the effects of global climate change on the circumpolar Arctic. The project received a total of $20.5 million from the federal IPY Program, including $6 million in research funding and $14.5 million in infrastructure support.

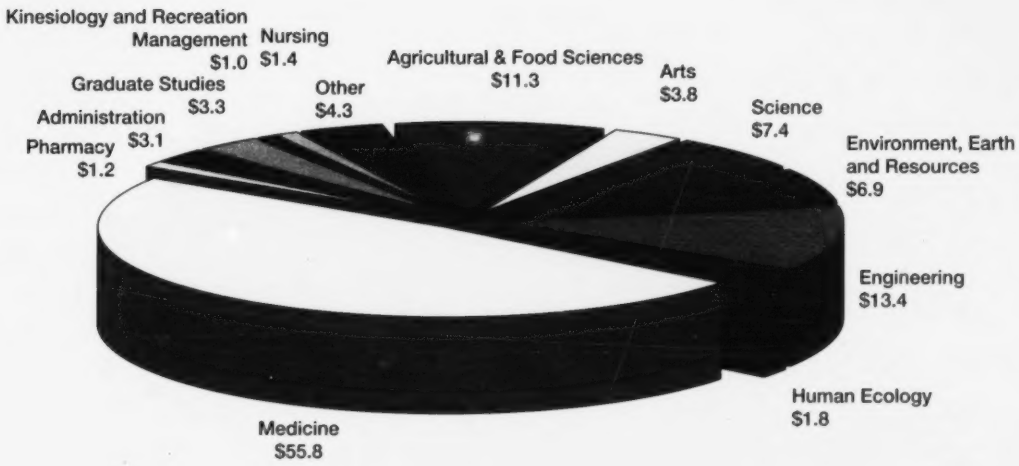
University of Manitoba researchers were also successful in competing for grant funding from the Canada Foundation for Innovation (CFI), which is matched by contributions from the Manitoba Research Innovation Fund (MRIF) and industry partners. This funding supports research infrastructure, including the cutting-edge equipment and facilities vital for the University's wide range of innovative research programs. In 2007-2008, 14 faculty members received awards totaling $6.1 million from the Leaders Opportunity Fund, which is designed to assist in attracting excellent faculty to Canadian universities as well as retaining the best researchers for Canada. The new funding supports research in areas such as geological sciences, textile science, microbiology, chemistry, psychiatry, and physics.

In 2007-2008, research at the University of Manitoba continued to grow, with new investment in a number of key areas. University researchers received $122.3 million in sponsored or assisted research support through grants or contracts from the federal and provincial governments, various foundations, business and industry, and individuals. This represents a 12.1% increase over the $109.1 million received in 2006-2007. Over the last five years, sponsored or assisted research funding has increased by 55% from a level of $79.0 million in 2002-2003.

Funding from the CFI, MRIF and matching contributions from industry, along with the corresponding expenditures, are reflected in the Capital Asset Fund. In 2007-2008, total contributions from these sources were $4.4 million. When combined with sponsored or assisted research funding of $122.3 million, University of Manitoba researchers received $126.7 million in funding in 2007-2008.

Table 5, Research Fund Expenses illustrates the level of research activity as measured by the level of spending, by Faculty or support unit in 2007-2008.

Table 5
Research Fund
Expenses by Faculty or Support Unit
2007-2008
(Total $114.7 M)



Investment in Capital, Infrastructure and Technology

In fiscal 2007-2008, the University of Manitoba invested $109.4 million in capital assets as follows:

$59.7 million for the construction of buildings, infrastructure repairs and improvements;
$18.3 million for the acquisition of furniture, equipment and vehicles;
$11.5 million for computer equipment and technological improvements such as building cabling and administrative systems renewal;
$10.4 million for land and land improvements; and
$9.5 million for library acquisitions and works of art.

In addition, debt servicing costs of $15.7 million were paid, primarily relating to the Provincial Debt, the Arthur V. Mauro Student Residence, the Fort Garry Parkade, and the Energy Performance Program.

In fiscal 2007-2008 the sources of capital funding included $8.6 million from COPSE, $3.8 million from other Provincial departments, $3.6 million from the Federal Government, $3.2 million from the City of Winnipeg, and $13.4 million from private donors.

Construction continued during the year on Aboriginal House and the Apotex Centre, with occupancy expected during the summer of 2008. Aboriginal House will provide an important presence and much needed expansion of the Aboriginal resource space and will help promote the University as the first choice of Aboriginal students in Manitoba. Funding has been provided in part by private gifts and the Provincial Debt. Apotex Centre at the Bannatyne Campus will house the Faculty of Pharmacy as well as teaching and research space for the Faculty of Medicine. This project is being funded in part by Provincial contributions to the Capital Campaign, private gifts and the Provincial Debt. In addition, the relocation of the Department of Immunology to the 4th Floor of the Apotex Centre will promote state-of-the-art research and an expanded teaching facility. The new laboratory and research space is required to conduct on-going research and support the growing immunology and infectious disease research cluster in Manitoba. This project is being funded by a number of sources including Western Economic Diversification, Indirect Cost of Research, and private donors.

Other significant projects that commenced this fiscal year include the Indoor Soccer Complex, the Faculty of Medicine Clinical Learning and Simulation Facility, and the Robert B. Schultz Lecture Theatre at St. John's College. The Indoor Soccer Complex, with its clear span design, will provide a first class soccer facility to meet the growing demand for indoor soccer in Manitoba. Partnering in this project are the City of Winnipeg, Province of Manitoba, Government of Canada, the Winnipeg Soccer Federation, and the University of Manitoba. The Clinical Learning and Simulation Facility housed in the Faculty of Medicine will provide state-of-the-art simulation equipment to train Manitoba's health professionals to deal with real patients and medical emergencies. This project has been funded by the Province of Manitoba, Winnipeg Regional Health Authority, and private donors. The Robert B. Schultz Lecture Theatre at St. John's

College will have 250 seats and be an ideal setting for large classes and community events. This project is primarily funded by private donors with a contribution from the University of Manitoba.

Large infrastructure renewal projects that were undertaken in 2007-2008 include continued major renovations to the Faculty of Science's Buller Building ($5.0 million - funded by Indirect Cost of Research Grants and the Provincial Debt), and Fort Garry outfall pumping stations ($2.9 million - funded by COPSE capital grant and the Provincial Debt). The tank farm replacement ($1.1 million) was undertaken to comply with the latest environmental regulations, and is being funded by the Provincial Debt.

Work was completed on numerous other capital projects, building upgrades and renovations during the year. This included the Dafoe Archives & Special Collections renovation ($1.2 million), Faculty of Agricultural and Food Science's James Richardson International Auditorium renovation ($0.4 million), Gleanlea Research Station Community Sewage Treatment ($1.7 million), and Engineering III sprinkler system ($0.3 million). Significant investments were also made to improve technology cabling ($4.3 million) and classroom teaching and technology upgrades ($2.2 million). In addition, $2.5 million of asbestos abatement projects were undertaken and completed in 2007-2008. These projects were funded by COPSE capital grants and the Provincial Debt.

Other significant capital building projects that were undertaken in 2007-2008 include Library Remote Storage ($3.1 million), Medical Rehabilitation renovations ($0.7 million), and Robson Hall renovations ($0.3 million). Another $0.5 million was spent on landscaping and road signage and the Southwood property on the north side of the Fort Garry Campus was purchased for future development.

The commitment of the Province to provide financial support to Project Domino over the next three years is a significant boost to a renewal program that will transform many of the Fort Garry Campus structures into facilities appropriate for student education and research in the 21st century.

The consolidated financial statements include Smartpark Development Corporation, the University's research and technology park. During 2007-2008, Smartpark's attention shifted from property development to property management. Day-to-day operations and tenant relations were the main focus as the park reached its first five year milestone since the completion of multi-tenant building #1 and the first tenants moved into the park. Beginning 2008, the leases that came due were renewed, the space in the park remained fully occupied, and tenant growth continued to add pressure on Smartpark to accommodate building expansion.

Smartpark's business incubator, 'The Eureka Project' showed promise in its second year as it accelerated high-tech innovators and entrepreneurs from concept to commercialization by building their technical, marketing and business capabilities with management and facilities support services.

Today, Smartpark's community of innovators is home to 19 tenant organizations and 10 start-up businesses, employing 810 people in 7 buildings across the park.

The pie charts in **Table 6, Capital Fund Sources** and **Table 6.1, Capital Fund Expenditures** depict the sources of funding for capital assets and provide a more detailed breakdown of the $109.4 million in capital asset expenditures and debt servicing costs of $15.7 million during 2007-2008.

Table 6
Capital Fund Sources
2007-2008
(Total $82.8M)

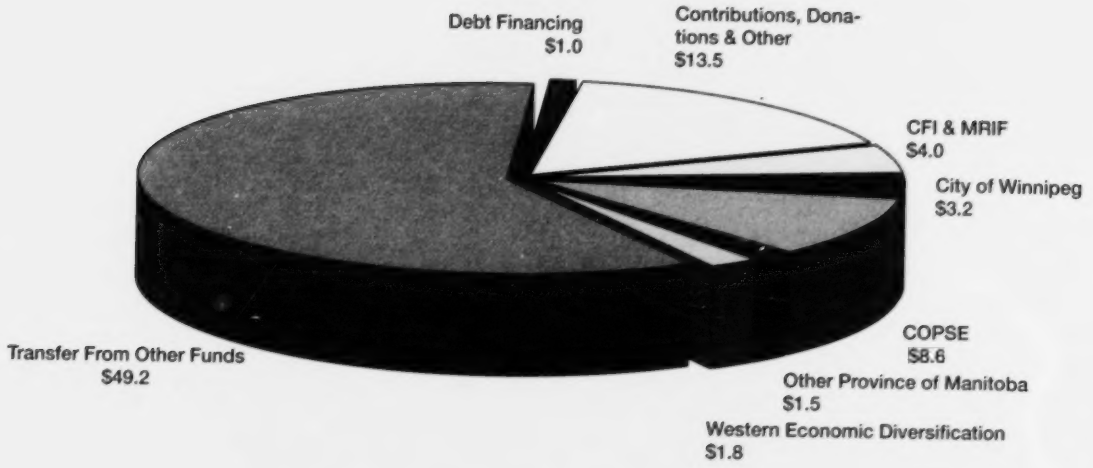
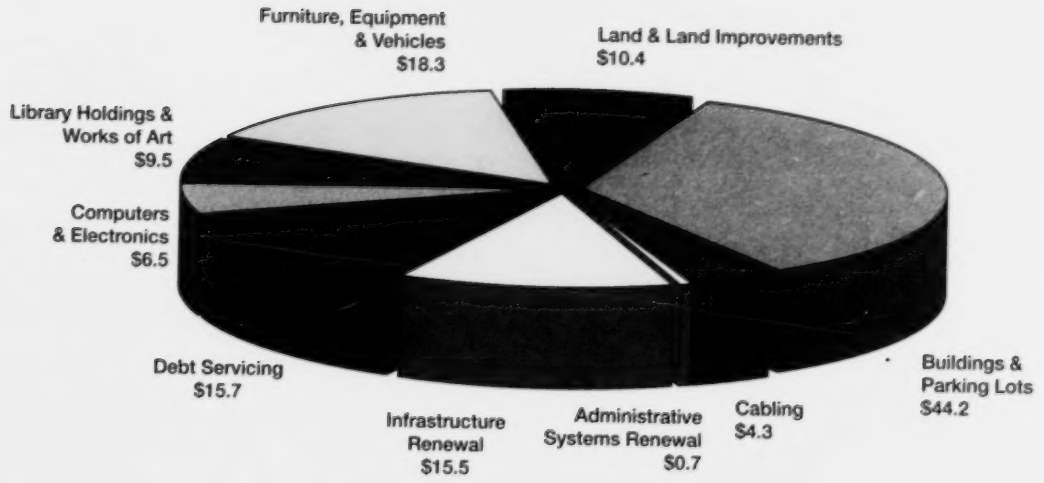


Table 6.1
Capital Fund Expenditures
2007-2008
(Total $125.1M)



An Asset to Our Community

In addition to success at providing a quality university education to our students and conducting world class research with global implications, the University of Manitoba reaches out to the community in many other ways, through continuing education, collaborative efforts with business and industry and through the provision of specialized services not readily available locally. The University operates on two main campuses, Fort Garry and Bannatyne, with satellite teaching and research facilities at Glenlea Research Station, Ian N. Morrison Research Farm in Carman, Delta Marsh, University of Manitoba Downtown: Aboriginal Education Centre and at the William Norrie Centre on Selkirk Avenue.

In addition, Social Work, Medicine and Dentistry all offer programs onsite and through distance education delivery techniques in northern communities. Medicine provides health services through the Northern Medical Unit and Dentistry offers extensive dental services through the Centre for Community Oral Health, bringing health and dental care to remote Aboriginal communities. The University Centre Pharmacy also operates the Medical Information Line for the Elderly which offers phone and walk in medication consultation to all Manitobans.

Smartpark continues to flourish, providing business and industry with opportunities to work collaboratively with researchers at the University of Manitoba.

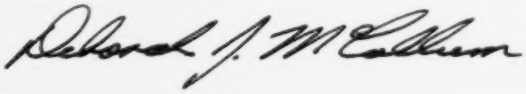
The University of Manitoba's success in serving its mission in education, research and community service translates into major economic, social and cultural benefits for the people of Manitoba.

Conclusion

Increased investment in the University is the right choice for Manitoba and will not only result in sustaining the capacity of the University to support learning, innovation in research and community service but also ensure that Manitobans will prosper.

The University acknowledges with gratitude the continuing support of the Province and the Council on Post-Secondary Education as well as the support of our students, staff, alumni, and community stakeholders.

Respectfully submitted,



Deborah J. McCallum,
Vice-President (Administration),
University of Manitoba.

UNIVERSITY
OF MANITOBA

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The University is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the consolidated financial statements present fairly the University's consolidated financial position as at March 31, 2008 and the results of its operations for the year then ended.

The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility to approve the consolidated financial statements. The Board has delegated certain responsibilities to its Audit Committee including the responsibility for reviewing the annual consolidated financial statements and meeting with management and the Auditor General of Manitoba on matters relating to the financial reporting. The Auditor General has full access to the Audit Committee with or without the presence of management. The Board has approved the consolidated financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that accounting records are a reliable basis for the preparation of consolidated financial statements. The integrity of internal controls is reviewed on an ongoing basis by Audit Services and the Auditor General.

The consolidated financial statements for the year ended March 31, 2008 have been reported on by the Auditor General of Manitoba, the auditor appointed under the University of Manitoba Act. The Auditor's Report outlines the scope of her examination and provides her opinion on the fairness of presentation of the consolidated financial statements.

Deborah J. McCallum,
Vice-President (Administration).

May 23, 2008
Winnipeg, Manitoba

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITOR'S REPORT

To the Lieutenant Governor in Council
To the Legislative Assembly of Manitoba
To the Board of Governors of the University of Manitoba

We have audited the consolidated statement of financial position of the University of Manitoba as at March 31, 2008 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Carol Bellringer

Winnipeg, Manitoba
May 23, 2008

Carol Bellringer, FCA, MBA
Auditor General

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
www.oag.mb.ca

CONSOLIDATED FINANCIAL STATEMENTS

University of Manitoba
Consolidated Statement of Financial Position
as at March 31
(in thousands of dollars)

Assets	*2008*	*2007*
Current Assets		
Cash	$ 17,605	$ 25,583
Marketable Investments	138,470	172,250
Accounts Receivable (Note 4)	78,828	61,154
Inventories	3,053	3,291
Prepaid Expenses	1,212	1,398
	239,168	263,676
Long Term Assets		
Investments (Note 5)	388,436	312,089
Capital Assets, Net of Accumulated Amortization (Note 7)	669,204	600,895
	1,057,640	912,984
	$ 1,296,808	$ 1,176,660
Liabilities		
Current Liabilities		
Accounts Payable	$ 44,547	$ 39,438
Unearned Revenue	3,755	4,082
Staff Vacation Entitlements	9,021	8,883
Bank Loans	3,061	3,424
Current Portion of Capital Lease Obligations (Note 8)	420	263
Current Portion of Long Term Debt (Note 9)	5,293	4,842
	66,097	60,912
Long Term Liabilities		
Other Long Term Liabilities (Note 10)	4,546	346
Capital Lease Obligations (Note 8)	762	393
Long Term Debt (Note 9)	164,118	169,411
Employee Future Benefits (Note 11)	58,478	54,602
	227,904	224,752
Fund Balances	1,002,807	890,996
	$ 1,296,808	$ 1,176,660

Commitments and Contingencies (Note 16)

Terry Sargeant - Chair

Shirley Van Schie - Vice-Chair

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the years ended March 31 (in thousands of dollars)

	General Funds (Note 2e)	*Restricted Funds (Note 2f)*	*Endowment Fund (Note 2g)*	*2008 Total Funds*	*2007 Total Funds*
Revenue:					
Tuition and Related Fees	$ 99,670	$	$	$ 99,670	$ 99,092
Contributions, Donations, Non-Government Grants	1,497	72,285	16,385	90,167	80,601
Investment Income	6,983	(11,045)		(4,062)	19,189
Miscellaneous Income	1,703	2,211		3,914	4,684
Government Grants:					
Council on Post-Secondary Education	245,972	8,572		254,544	237,756
Other Province of Manitoba	9,830	26,688		36,518	36,597
Government of Canada	9,129	71,891		81,020	71,329
City of Winnipeg		3,173		3,173	
Sales of Goods and Services	26,403			26,403	25,996
Ancillary Services	30,546			30,546	29,191
	431,733	173,775	16,385	621,893	604,435
Expense:					
Academic	231,681	114,113		345,794	330,649
Libraries	15,534	136		15,670	15,183
Student Affairs	18,741	174		18,915	18,212
Administration	26,295	3,092		29,387	27,239
Plant Maintenance	37,550	153		37,703	37,356
Other Academic Support	18,134	217		18,351	18,775
General	4,102	4,924		9,026	7,480
Property Taxes	396			396	345
Scholarships, Bursaries, Prizes and Awards	4,381	14,786		19,167	16,276
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations		9,976		9,976	9,839
Amortization of Capital Assets		41,079		41,079	37,919
Ancillary Services	26,045			26,045	25,157
Staff Benefits Contra	1,461			1,461	(2,852)
	384,320	188,650		572,970	541,578
Net Revenue (Expense)	47,413	(14,875)	16,385	48,923	62,857
Inter-Fund Transfers (Note 13)	(26,993)	42,370	(15,377)		
Net (Decrease) Increase to Fund Balances	20,420	27,495	1,008	48,923	62,857
Fund Balances Beginning of the Year	4,018	746,841	140,137	890,996	828,139
Adjustment for Financial Instruments (Note 3)		21,282	41,606	62,888	
Fund Balances End of the Year	$ 24,438	$ 795,618	$ 182,751	$1,002,807	$ 890,996
Unrestricted Funds	$ (45,834)	$	$	$ (45,834)	$ (45,369)
Internally Restricted Funds	70,272	52,908		123,180	97,278
Externally Restricted Funds		198,301	182,751	381,052	323,907
Invested in Capital Assets		544,409		544,409	515,180
	$ 24,438	$ 795,618	$ 182,751	$1,002,807	$ 890,996

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the General Funds for the years ended March 31 (in thousands of dollars)

	General Operating Fund (Note 2e)	*Specific Provisions Fund (Note 2e)*	*Expenses Funded From Future Revenues (Note 2e)*	*2008 Total General Funds*	*2007 Total General Funds*
Revenue:					
Tuition and Related Fees	$ 99,670	$	$	$ 99,670	$ 99,092
Contributions, Donations, Non-Government Grants	1,497			1,497	1,237
Investment Income	6,983			6,983	5,394
Miscellaneous Income	1,703			1,703	2,712
Government Grants:					
Council on Post-Secondary Education	245,972			245,972	229,104
Other Province of Manitoba	9,830			9,830	4,573
Government of Canada	9,129			9,129	8,930
Sales of Goods and Services	26,403			26,403	25,996
Ancillary Services	30,546			30,546	29,191
	431,733			431,733	406,229
Expense:					
Academic	231,681			231,681	222,567
Libraries	15,534			15,534	15,053
Student Affairs	18,741			18,741	17,558
Administration	26,295			26,295	25,083
Plant Maintenance	37,550			37,550	37,355
Other Academic Support	18,134			18,134	18,430
General	4,102			4,102	3,497
Property Taxes	396			396	345
Scholarships, Bursaries, Prizes and Awards	4,381			4,381	3,921
Ancillary Services	26,045			26,045	25,157
Staff Benefits Contra	1,461			1,461	(2,852)
	384,320			384,320	366,114
Net Revenue	47,413			47,413	40,115
Inter-Fund Transfers (Note 13)	(47,376)	20,885	(502)	(26,993)	(32,922)
Net Increase (Decrease) to Fund Balances	37	20,885	(502)	20,420	7,193
Fund Balances Beginning of the Year	2,193	49,387	(47,562)	4,018	(3,175)
Fund Balances End of the Year	$ 2,230	$ 70,272	$ (48,064)	$ 24,438	$ 4,018
Unrestricted Funds	$ 2,230	$	$ (48,064)	$ (45,834)	$ (45,369)
Internally Restricted Funds		70,272		70,272	49,387
	$ 2,230	$ 70,272	$ (48,064)	$ 24,438	$ 4,018

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Operations and Changes in Fund Balances for the Restricted Funds for the years ended March 31 (in thousands of dollars)

	Capital Asset Fund (Note 2f)	*Research and Special Fund (Note 2f)*	*Staff Benefits Fund (Note 2f)*	*Trust Fund (Note 2f)*	*2008 Total Restricted Funds*	*2007 Total Restricted Funds*
Revenue:						
Contributions, Donations, Non-Government Grants	$ 9,496	$ 53,323	$ 1,421	$ 8,045	$ 72,285	$ 68,958
Investment Income	2,023		243	(13,311)	(11,045)	13,795
Miscellaneous Income	1,960		251		2,211	1,972
Government Grants:						
Council on Post-Secondary Education	8,572				8,572	8,652
Other Province of Manitoba	3,754	22,934			26,688	32,024
Government of Canada	3,594	68,297			71,891	62,399
City of Winnipeg	3,173				3,173	
	32,572	144,554	1,915	(5,266)	173,775	187,800
Expense:						
Academic		114,113			114,113	108,082
Libraries		136			136	130
Student Affairs		174			174	654
Administration		3,092			3,092	2,156
Plant Maintenance		153			153	1
Other Academic Support		217			217	345
General		28	3,116	1,780	4,924	3,983
Scholarships, Bursaries, Prizes and Awards		4,912		9,874	14,786	12,355
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	9,976				9,976	9,839
Amortization of Capital Assets	41,079				41,079	37,919
	51,055	122,825	3,116	11,654	188,650	175,464
Net Revenue	(18,483)	21,729	(1,201)	(16,920)	(14,875)	12,336
Inter-Fund Transfers (Note 13)	49,167	(11,281)	(4,665)	9,149	42,370	30,519
Net Increase (Decrease) to Fund Balances	30,684	10,448	(5,866)	(7,771)	27,495	42,855
Fund Balances Beginning of the Year	515,180	84,004	13,537	134,120	746,841	703,986
Adjustment for Financial Instruments (Note 3)	(1,455)		5,241	17,496	21,282	
Fund Balances End of the Year	$ 544,409	$ 94,452	$ 12,912	$ 143,845	$ 795,618	$ 746,841
Internally Restricted Funds	$	$	$ 7,865	$ 45,043	$ 52,908	$ 47,891
Externally Restricted Funds		94,452	5,047	98,802	198,301	183,770
Invested in Capital Assets	544,409				544,409	515,180
	$ 544,409	$ 94,452	$ 12,912	$ 143,845	$ 795,618	$ 746,841

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

Consolidated Statement of Cash Flows
for the years ended March 31
(in thousands of dollars)

	General Funds	*Restricted Funds*	*Endowment Fund*	*2008 Total Funds*	*2007 Total Funds*
Cash from Operating Activities:					
Net Revenue (Expense)	$ 47,413	$ (14,875)	$ 16,385	$ 48,923	$ 62,857
Amortization of Capital Assets		41,079		41,079	37,919
	47,413	26,204	16,385	90,002	100,776
Net Change in Non-Cash Working Capital Items	(6,542)	(7,223)		(13,765)	(5,461)
Net Change in Other Long Term Liabilities		4,200		4,200	
Net Change in Employee Future Benefits	445	3,431		3,876	(509)
Net Cash Generated through Operating Activities	41,316	26,612	16,385	84,313	94,806
Investing Activities:					
Increase in Long Term Investments	(10,386)	(610)	(1,008)	(12,004)	(16,609)
Purchase of Capital Assets		(109,388)		(109,388)	(80,793)
Net Cash Used in Investing Activities	(10,386)	(109,998)	(1,008)	(121,392)	(97,402)
Financing Activities:					
Proceeds from Capital Lease Obligations		1,046		1,046	308
Proceeds from Long Term Debt					75,000
Principal Repayment on Capital Lease Obligations		(520)		(520)	(362)
Principal Repayment on Bank Loans		(363)		(363)	(8,540)
Principal Repayment on Long Term Debt		(4,842)		(4,842)	(5,068)
Net Cash Generated in Financing Activities		(4,679)		(4,679)	61,338
Net Increase (Decrease) in Cash	30,930	(88,065)	15,377	(41,758)	58,742
Inter-Fund Adjustments	(26,993)	42,370	(15,377)		
Cash Beginning of Year	89,432	108,401		197,833	139,091
Cash End of Year	$ 93,369	$ 62,706	$	$ 156,075	$ 197,833
Cash is defined as:					
Cash	$ 13,232	$ 4,373	$	$ 17,605	$ 25,583
Marketable Investments	80,137	58,333		138,470	172,250
	$ 93,369	$ 62,706	$	$ 156,075	$ 197,833

(The accompanying Notes form an integral part of the Consolidated Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31

(in thousands of dollars)

1. AUTHORITY AND PURPOSE

The University of Manitoba was established in 1877. It is governed by a Board of Governors acting under the authority of The University of Manitoba Act, R.S.M. 1987, c. U60. The University of Manitoba is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

The University of Manitoba, as the largest and most comprehensive institution of higher learning in Manitoba, plays a distinctive role within the Province. In addition to offering an undergraduate liberal education in arts, science and education, the University of Manitoba provides programs in a broad range of professional studies, applied sciences and the fine and performing arts and is responsible for the vast majority of graduate education and research in Manitoba. The University of Manitoba reaches out to a variety of constituencies in order to enhance the health, cultural, social and economic life of Manitobans and to provide lifelong learning opportunities for them. Through community service the University makes its expertise available to all Manitobans.

2. SIGNIFICANT ACCOUNTING POLICIES

a. General

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Canadian Institute of Chartered Accountants ("CICA") for not-for-profit organizations. The University has adopted the restricted fund method of accounting for contributions.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Smartpark Development Corporation, a wholly owned subsidiary of the University of Manitoba. The company has a March 31 year end and its purpose is to develop and operate a research park at the University of Manitoba.

c. Fund Accounting

The University classifies resources used for various purposes into separate Funds which correspond to its major activities and objectives. The Consolidated Statement of Financial Position combines the assets and liabilities of all Funds.

The University maintains its Funds under three fund categories, General, Restricted and Endowment Funds. The General Funds include the Funds for General Operating, Specific Provisions and Expenses Funded from Future Revenues. The Restricted Funds include the Capital Asset, Research and Special, Staff Benefits and Trust Funds. The Endowment Fund includes endowment funds of the University.

d. Accounting Estimates

Accounting estimates are included in financial statements to approximate the effect of past revenue or expense transactions or events, or to approximate the present status of an asset or liability. Examples include accruals for salaries and benefits, the estimated useful life of an asset and certain actuarial assumptions used in determining employee future benefits. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

e. General Funds

General Operating Fund:

The General Operating Fund includes the academic, administrative, operational and ancillary costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, sales of goods and services to external parties and ancillary income. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

All funds received or accrued by the University for general operating purposes and for equipment and renovation expenses not meeting the University's capitalization criteria are included in the General Operating Fund. The net cost of operating units is determined by including internal cost allocations for certain centrally administered services such as the telephone system in the units' expenses and by deducting these expenses as internal cost recoveries from the total expenses incurred by the unit administering these services.

The University Book Store, Parking, Student Residences and Pharmacy/Post Office are classified as Ancillary Services and are budgeted on a break-even basis. Any surpluses or deficits are transferred to/from the Specific Provisions Fund. Overhead costs have been allocated to all ancillary operations. Amortization of ancillary capital assets and interest expense is recorded in the Capital Asset Fund.

Specific Provisions Fund:
The Specific Provisions Fund records appropriations made from (to) the General Operating, Capital Asset and Research and Special Funds.

These appropriations are made to provide future funding for the replacement, improvement or emergency maintenance of capital assets, unit carryover, a fiscal stabilization provision to offset potential spending in excess of future budgets and other matters. Such appropriations are shown as inter-fund transfers on the Consolidated Statement of Operations and Changes in Fund Balances.

Expenses Funded From Future Revenues:
Expenses Funded from Future Revenues records the amount of unpaid vacation pay for staff which will be funded from future revenues. It also records the actuarially determined expense for employee future benefits.

f. Restricted Funds
Capital Asset Fund:
The Capital Asset Fund consists of restricted contributions resulting from capital asset co-funding arrangements with external parties, contributed capital assets, sinking fund investment income and government grants, restricted for the purpose of acquiring capital assets and retiring capital advances. Expenses include interest on debt relating to the acquisition or construction of capital assets, amortization and gains or losses on disposal of capital assets, including write-downs resulting from obsolescence.

Research and Special Fund:
The Research and Special Fund consists of contributions specifically restricted for research or other special activities. Contributions are provided from both federal and provincial granting agencies and other public and private sources. These funds are spent in accordance with the conditions stipulated in the governing contracts and agreements.

Staff Benefits Fund:
The Staff Benefits Fund is divided into Fund Accounts for Pension Reserve, Self-Insured Plans and Benefit Reserve, the revenues of which are restricted for the purposes noted.

(i) Pension Reserve:
This Fund Account is restricted for special payments towards any unfunded liability of The University of Manitoba Pension Plan (1970) and the University of Manitoba Pension Plan (1993) and other pension obligations.

(ii) Self-Insured Plans:
This Fund Account records the assets and liabilities for two self-insured benefit plans, the Long Term Disability Income Plan and the Dental Plan. The Long Term Disability Income Plan is used for long term disability payments arising on and after June 1, 1981 for eligible staff. The Plan contains two funds, one for the payment of Basic Benefits and another for the payment of Cost-of-Living Benefits. The Dental Plan is administered by a contracted third party. Surplus funds are held for the purpose of covering deficits which may occur in this self-insured plan.

(iii) Benefit Reserve:
This Fund Account is used for the support of current and future staff benefit programs. Experience refunds related to the group insurance plans are credited to this Fund Account. Employment Insurance premium savings resulting from the extended sick leave coverage provided by the University are also credited to this Fund Account.

Trust Fund:
The Trust Fund records gifts and bequests received which may be used in their entirety along with net investment income earned on these funds, according to donor restrictions. The majority of these funds are used for scholarships, bursaries, awards, loans, and other scholarly activities.

g. Endowment Fund
The Endowment Fund records gifts and bequests received with the stipulation that these funds be invested in perpetuity and the income earned be utilized for designated purposes. The Fund also consists of the change in fair value of the endowments each year which is recorded by way of a fund transfer from the Trust fund.

h. Revenue Recognition
Restricted contributions are recognized as revenue of the appropriate Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions, including sales of goods and services and ancillary revenues, are recognized as revenue of the General Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund in the year received. Investment income earned on endowments is recorded in the appropriate Fund depending on the restrictions imposed by the original donor.

Investment income earned on temporary surplus funds is recorded in the appropriate Fund depending on the restrictions imposed. Investment income on unrestricted surplus funds is recorded as unrestricted income in the General Operating Fund.

i. Contributed Materials and Services

Gifts-in-kind are recorded in the consolidated financial statements to the extent that they are eligible for an official donation receipt, since this results in the capture of the information in the University's financial records.

Because of the difficulty involved in tracking and recording contributed services, however, the market value of these services are not recognized in the consolidated financial statements. Contributed services include activities such as membership on the University's Board of Governors and its various committees, lecturing services and volunteer services at fund raising or sporting events all of which are performed by staff, students and the community at no charge to the University. These services, although not recognized in the consolidated financial statements, are critical to the successful functioning of the University.

j. Investments

Effective April 1, 2007, investments are classified as held-for-trading and are carried at fair value (Note 3). Changes in fair value of investments are reflected in investment income in the consolidated statement of operations. Fair value of investments is determined based on year end quoted market prices.

For periods prior to April 1, 2007, all investments were recorded at cost, and investment income was recorded on an accrual basis. Realized gains or losses on sales of investments were recognized in the year of disposal or when there was a loss in value of the investment that was deemed to be other than temporary.

k. Pledges Receivable

The University does not record pledges receivable in its consolidated financial statements. Revenue from gifts, bequests and donations is recognized on a cash basis because of the uncertainty surrounding collection and in some instances because of the difficulty in determining the valuation of pledges receivable. The University recognizes gifts and donations to be received through the University of Manitoba Foundation U.S.A. Inc. only when the Board of Directors of the Foundation have formalized the transfer with a resolution, collectibility is reasonably assured and the valuation of these gifts and donations can be reasonably determined.

l. Inventories

Inventories have been valued at the lower of cost and net realizable value.

m. Capital Assets

Purchased capital assets are recorded at cost. Capital assets which are constructed by the University are recorded as Construction in Progress until the capital asset is put into use. Contributed capital assets are recorded at market value at the date of contribution. Intangibles such as patents and copyrights are recorded at a nominal amount of one dollar in the year the patent or copyright is obtained.

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Buildings and Major Renovations	15-50 years
Computer Hardware, Software and Electronics	5-10 years
Furniture and Equipment	10 years
Library Books	10 years
Parking Lots	20 years
Vehicles	5 years

Equipment acquired under a capital lease is amortized over the term of the lease. Works of art, treasures, rare books and manuscripts are not amortized.

n. Collections

The University holds a number of collections which have been donated to its libraries, faculties and schools over the years. The library, faculty or school receiving the donation assumes responsibility for safeguarding and preserving the collection. The University seldom, if ever, disposes of its collections or of individual pieces in its collections and therefore does not have a formal policy with respect to the use of proceeds of disposal. However, the University abides by all restrictions placed by donors at the time a donation is received, which may include restrictions imposed relating to the sale of a collection or items contained therein.

The University's policy with regard to its collections is to fund maintenance expenses from the General Operating Fund, if monies are not available for such purposes in a Restricted Fund. The cost of maintenance is not tracked and is therefore not determinable.

o. Pension Costs

The cost of pension benefits earned by employees who are members of the University of Manitoba Pension Plan (1970) or the University of Manitoba Pension Plan (1993) is determined actuarially using the projected unit credit actuarial cost method and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension costs for The University of Manitoba GFT Pension Plan (1986) are based on the contributions required of the University by that Plan.

p. Financial Instruments

The financial instruments at the University consist of cash, marketable investments, accounts receivable, long term investments, accounts payable, other long term liabilities, staff vacation entitlements, capital lease obligations and long term debt.

The primary risk exposures for investments are foreign currency, interest rate volatility, and market and credit risk. The University, through the work of its investment committees, has formal policies and procedures in place governing asset mix among equity, fixed income and alternative investments, requiring diversification within categories, and setting limits on the size of exposure to individual investments.

The University is also exposed to interest rate risk on its long term debt. The University has entered into interest rate swap agreements for a portion of its long term debt obligations.

A significant portion of the University's accounts receivable are related to Research and Special Funds as disclosed in Note 4 and are from the federal and provincial governments, not for profit organizations, corporations, the US government and other universities. The University also has accounts receivable from students and staff. The credit risk on these is minimal. The remaining accounts receivable are due from a diverse group of customers and are subject to normal credit risks.

q. Employee Future Benefits

The University accrues its obligations for employee future benefit plans relating to health, dental, long term disability and group life insurance. The cost of non-pension post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimates for the discount rate for liabilities, the expected rate of return on assets, retirement ages and expected future cost trends.

The University also accrues its obligations relating to post-retirement adjustments to pensions for specifically entitled employees who retired prior to 1993. The cost of such post-retirement pension adjustments is actuarially determined using the projected benefit method and management's best estimate for the discount rate for liabilities and the expected rate of return on assets. Any increase in such adjustments is recognized in the year that it occurs.

Actuarial gains or losses are recognized in the year the gain or loss arises.

r. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate. Revenues and expenses are translated at exchange rates on the transaction dates. Gains or losses arising from these translations are included in earnings.

s. Derivative Financial Instruments

From time to time, the University uses derivative financial instruments, including interest rate swap agreements, in its management of exposures to fluctuations in interest rates. An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. Hedge accounting is used when there is a high degree of correlation between price movements in the derivative instrument and the item designated as being hedged. Any derivative financial instruments that do not qualify for hedge accounting are adjusted to fair value at each year end with any resulting gains or losses recorded in net revenue (Note 3).

For periods prior to April 1, 2007, the University utilized hedge accounting to account for its interest rate swap agreements. Payments and receipts under the interest rate swap agreements, which were designated as effective hedges, were recognized as adjustments to interest expense on the long term debt in the same period that the underlying hedged transactions were recognized.

t. Future Accounting Policy Changes

Disclosure and Presentation of Financial Instruments

The CICA has issued two new standards, CICA 3862 "Financial Instruments – Disclosures" and CICA 3863 "Financial Instruments – Presentation" which are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. These new standards, which will be adopted effective April 1, 2008, will only require additional disclosure in the financial statements.

Capital Disclosures

The CICA has issued a new accounting standard, CICA 1535 "Capital Disclosures", which requires the disclosure of qualitative and quantitative information that enables users of financials statements to evaluate the entity's objectives, policies, and processes for managing capital. This new standard, which will be adopted effective April 1, 2008, will only require additional disclosure in the financial statements.

Inventories

The Canadian Accounting Standards Board has approved a new standard with respect to inventories which requires that inventories be measured at lower of cost or net realizable value; disallows the use of last-in first out inventory costing methodology; and requires that when circumstances which previously caused inventories to be written down below cost not longer exist, the amount of the write-down is to be reversed. This new standard, which will be adopted effective April 1, 2008, is not expected to have a material impact on the University.

3. CHANGE IN ACCOUNTING POLICIES

The University adopted the new standards, Handbook Section 3855, *Financial Instruments - Recognition and Measurement and Section 3865, Hedges*, on April 1, 2007.

Financial Instruments – Recognition and Measurement

This standard provides guidance on recognizing financial instruments and non-financial derivatives on the balance sheet. The standard also specifies how financial instrument gains and losses are presented. Initially, all financial assets and liabilities must be recorded on the balance sheet at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale or (e) other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net earnings. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

Upon adoption of this new standard, the University designated cash, marketable investments and investments as held-for-trading; accounts receivable as loans and receivables; and accounts payable, staff vacation entitlements, bank loans, other long term liabilities, and long term debt as other liabilities. The University has neither available-for-sale nor held-to-maturity instruments.

Except for held-for-trading financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial instruments, transaction costs are recorded in the statement of operations as incurred.

The implementation of the standard on April 1, 2007 resulted in an increase to investments and fund balances of $64,345 for net unrealized capital gains.

The impact of this standard on the year ended March 31, 2008 resulted in a decrease in investment income and investments of $32,931.

All derivatives, including embedded derivatives that must be separately accounted for, are recorded at fair value in the consolidated statement of financial position.

Hedges
Section 3865 establishes standards for when and how hedge accounting can be applied as well as disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from the derivative financial instrument in the same period as for those related to the hedged item. The University may use interest rate swap agreements to manage exposure to risk. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Prior to the adoption of the new accounting standards on April 1, 2007, the University's interest rate swap agreements were accounted for using hedge accounting and payments and receipts under the agreements were recognized as adjustments to interest expense in the same period that the underlying hedged transaction was recognized. Effective April 1, 2007, the University ceased applying hedge accounting to its interest rate swap agreements.

In accordance with the new standards, the fair value of the interest rate swaps of $1,455 at April 1, 2007 was recorded in accounts payable and capital asset fund balance. Changes in the fair value of the interest rate swaps, commencing April 1, 2007, are recognized in interest expense with a corresponding adjustment to the swap carrying value included in accounts payable.

The impact of this standard on the year ended March 31, 2008 resulted in an increase in accounts payable and interest expense of $436.

4. ACCOUNTS RECEIVABLE

	2008	2007
Council on Post-Secondary Education	$ 136	$ 57
General	39,928	33,450
Research and Special	38,764	27,647
	$ 78,828	$ 61,154

5. INVESTMENTS

The carrying values of investments as at March 31 are:

	2008 Carrying Value	2007 Carrying Value
Research and Special Funds		
Guaranteed Investment Certificate	$ 346	$ 346
Operating		
Government of Canada Bond	10,386	
Trust & Endowment		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	29,333	25,753
Bonds and Other Fixed Income Securities:		
Government of Canada	46,060	27,142
Province of Manitoba	2,727	1,591
Other Provincial	9,821	11,197
Municipal	1,813	4,656
Corporate	3,769	29,936
Other	139	4,116
	64,329	78,638

(in thousands of dollars)

	2008 Carrying Value	2007 Carrying Value
Equities:		
Canadian Equities	108,013	69,921
US Equities	61,775	56,802
International Equities	46,310	42,595
	216,098	169,318
Pooled Real Estate Fund	32,331	4,992
	342,091	278,701
Capital*		
Bankers Acceptances, Guaranteed Investment Certificates and Cash	1,620	2,011
Province of Manitoba Bonds	202	196
	1,822	2,207
Staff Benefits		
Money Market Funds and Cash	493	504
Bonds	11,507	11,846
Equities:		
Canadian Equities	8,459	5,643
US Equities	4,963	5,325
International Equities	5,071	4,031
	18,493	14,999
Mortgage Fund	3,298	3,486
	33,791	30,835
Total Investments	$ 388,436	$ 312,089

**Represents Sinking Fund Assets on Deposit with the Province of Manitoba, which are held to retire the Capital Advances as described in Note 9.*

In 2008 investments are carried at fair value and in 2007 carrying value represented book value (Note 3). The fair value of investments held at March 31, 2007 was $376,434.

As at March 31, the average yields and the terms to maturity are as follows:

- Bankers Acceptances, Guaranteed Investment Certificates and Money Market Funds: 3.58% (2007, 4.35%); term to maturity: less than one year
- Government and Corporate bond funds: 3.88% (2007, 4.39%): terms to maturity: range from less than one year to more than 12 years.

During the year ended March 31, 2008, the University recognized net unrealized losses of $32,931 on investments classified as held-for-trading, which is recorded in investment income in the consolidated statement of operations.

6. ECONOMIC INTEREST IN RELATED ENTITIES

The University of Manitoba Foundation U.S.A. Inc.

The University has an economic interest in the University of Manitoba Foundation U.S.A. Inc. ("the Foundation") which is an Illinois Not-For-Profit Corporation incorporated in December 1989. The Foundation's purpose is exclusively charitable, literary, scientific and educational and its activities include the promotion, encouragement, aid and advancement of higher education, research and training in the Province of Manitoba, in Canada and elsewhere. The Foundation is exempt from U.S.A. Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

The Board of Directors of the Foundation is an independent board whose members direct and guide the Foundation's actions. Members of the Board include, among others, certain senior staff of the University of Manitoba. The University of Manitoba, however, is one of many universities eligible to receive aid from the Foundation. The University must make application to the Foundation's Board of Directors to request funds, which may or may not be granted. The University's economic interest therefore is beneficial, as gifts and donations which are solicited by the Foundation may be transferred to the University of Manitoba from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31

(in thousands of dollars)

7. CAPITAL ASSETS, NET OF ACCUMULATED AMORTIZATION

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets Under Capital Lease	$ 3,266	$ 2,027	$ 2,548	$ 1,966
Buildings and Major Renovations	572,596	142,045	545,021	130,116
Computer Hardware, Software and Electronics	96,437	66,989	92,981	62,499
Construction in Progress	55,839		20,264	
Furniture and Equipment	171,441	97,642	155,981	87,055
Land	22,147		11,753	
Library Books	144,091	101,583	135,451	94,726
Parking Lots	6,827	1,063	6,603	728
Rare Books and Manuscripts	4,530		4,333	
Vehicles	6,996	5,565	6,647	5,361
Works of Art	1,948		1,764	
	1,086,118	416,914	983,346	382,451
Less Accumulated Amortization	416,914		382,451	
Net Book Value	$ 669,204		$ 600,895	

8. CAPITAL LEASE OBLIGATIONS

Minimum lease payments which include principal and interest under the capital lease obligations are as follows:

2009	$ 473
2010	390
2011	276
2012	163
Total Minimum Lease Payments	1,302
Less: Interest at 5.47%	(120)
	1,182
Less: Current Portion	(420)
	$ 762

9. LONG TERM DEBT

	2008	2007
Province of Manitoba:		
Promissory Note, 5.23% due March 1, 2035	$ 71,642	$ 72,820
Promissory Note, 5.55% due April 1, 2036	73,032	74,085
	144,674	146,905
Capital Advances:		
5 7/8% due May 20, 2007		482
7 1/8% due July 27, 2008	706	706
6 7/8% due December 15, 2009	257	257
6 7/8% due March 31, 2011	555	555
	1,518	2,000
Term Loans:		
*Smartpark Multi Tenant Facility, 6.05% due October 31, 2012	1,336	1,371
*Smartpark Multi Tenant Facility, 5.95% due January 22, 2014	3,350	3,350
	4,686	4,721
Bankers Acceptances with Interest Rate Swaps:		
Energy Performance Program, 4.31% due November 10, 2009	3,045	4,767
Arthur V. Mauro Student Residence, 5.92% due September 5, 2028	15,488	15,860
	18,533	20,627
	169,411	174,253

	2008	2007
Less Current Portion:		
Promissory Notes	(2,355)	(2,231)
Capital Advances	(706)	(482)
Term Loans	(37)	(35)
Bankers Acceptances	(2,195)	(2,094)
	(5,293)	(4,842)
	$ 164,118	$ 169,411

*Represents debt of Smartpark Development Corporation.

Interest on long term debt was $9,819 (2007, $9,672).

The fair value of the Province of Manitoba promissory notes and capital advances are not practical to determine due to their underlying terms and conditions. The fair value of the term loans and bankers acceptances is approximately $24,674 compared to their carrying value of $23,219. Fair value of these long term debt instruments has been determined using future payments of principal and interest of the actual outstanding long term debt discounted at current interest rates available to the University.

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 5.92% on a 25 year loan for the Arthur V. Mauro Student Residence. The stamping fee is committed until September 1, 2013. Under the terms of the agreement, the University is required to make monthly principal and interest repayments similar to a conventional amortizing loan. The notional principal underlying this swap agreement amounted to $15,488 as at March 31, 2008 (2007, $15,860).

The University entered into an interest rate swap agreement whereby the University has fixed a swap rate of 4.31% on the Energy Performance Program loan. Under the terms of this agreement, the University is also required to make monthly principal and interest payments. The notional principal underlying this agreement amounted to $3,045 as at March 31, 2008 (2007, $4,767). The stamping fee is committed until November 10, 2008.

The fair value of the swap agreements at March 31, 2008 was $1,891 (2007, $1,455) and has been recorded in accounts payable.

Principal repayments on long term debt payable over the next five years are as follows:

	Promissory Notes	Capital Advances	Term Loans	Bankers Acceptances	Total
2009	$ 2,355	$ 706	$ 37	$ 2,195	$ 5,293
2010	2,484	257	39	1,665	4,445
2011	2,621	555	42	445	3,663
2012	2,766		44	474	3,284
2013	2,918		1,336	503	4,757
Thereafter	131,530		3,188	13,251	147,969
	$144,674	$ 1,518	$ 4,686	$ 18,533	$ 169,411

10. OTHER LONG TERM LIABILITIES

Amounts included in other long term liabilities are non interest bearing and due as follows:

	2008	2007
2010	$ 2,500	$
2011	1,700	
2012	346	346
	$ 4,546	$ 346

The $346 represents a refundable deposit held by Smartpark Development Corporation which is fully refundable to a tenant, provided the tenant renews their lease beyond 2012.

11. EMPLOYEE FUTURE BENEFITS

The University of Manitoba provides certain health, dental and group life benefits for its retired employees and long term disability benefits for current employees. Post-retirement pension benefits are also provided for specifically entitled retirees.

Health, dental and group life benefits are provided to employees who retired prior to July 1, 2004 on a non-contributory basis. The group life benefits are indexed post-retirement. For eligible employees retiring on or after July 1, 2004, no group life benefit is available, and employees share in the cost of the health and dental benefits.

The long term disability income benefit is provided on a contributory basis.

Post-retirement pension benefits are provided to specifically entitled employees who retired prior to 1993. The adjustments for a year are determined as the lesser of the amounts that can be provided by a weighted average percentage salary increase at the University, or the excess interest approach provided under the University of Manitoba Pension Plan (1993). One hundred percent of the adjustments are paid by the University (50% from the General Operating Fund and 50% from the Staff Benefits Fund).

The University measures the fair value of assets and the accrued benefit obligations for the non-pension and post-retirement pension adjustments as of March 31. The most recent actuarial valuations were as of March 31, 2007 with the next valuations due as of March 31, 2010.

The Accrued Benefit Obligation for the non-pension benefit plans and the post-retirement adjustments are reported in the University's consolidated statement of financial position under long term liabilities.

Information about the University's defined benefit plans as at March 31 is as follows:

	Non-Pension Benefit Plans		Post-Retirement Adjustments		Total	
	2008	2007	2008	2007	2008	2007
Benefit Cost	$ 4,714	$ 1,443	$ 99	$ 577	$ 4,813	$ 2,020
Accrued Benefit Obligation	52,913	48,606	5,565	5,996	58,478	54,602
Plan Assets	21,051	18,193	1,188	1,327	22,239	19,520
Employer Contribution	3,265	2,561	391	415	3,656	2,976
Employees' Contributions	1,362	1,431			1,362	1,431
Benefits Paid	4,627	3,992	782	829	5,409	4,821

Plan assets consist of:

	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2008	2007	2008	2007
Equities	52%	45%	3%	3%
Fixed Income	32%	36%	2%	3%
Other	11%	12%	0%	1%
Total	95%	93%	5%	7%

Key Assumptions are:	Non-Pension Benefit Plans		Post-Retirement Adjustments	
	2008	2007	2008	2007
Accrued benefit obligation at March 31:				
Discount rate	5.50%	4.90%	5.25%	4.90%
Benefit Cost for year ended March 31:				
Discount rate	4.90%	5.00%	4.90%	5.00%
Expected rate of return on assets	6.00%	5.00%	4.90%	5.00%
Health Care Cost Trend Rates at March 31:				
Initial rate	11.00%	10.00%		
Ultimate rate	6.00%	5.00%		
Year ultimate rate reached	2017	2017		
Dental Care Cost Trend Rates at March 31:				
Discount rate	4.00%	4.00%		

12. INTER-FUND ADVANCES AND LOANS

Inter-Fund advances and loans at March 31 are as follows:

	2008	2007
General Operating Fund:		
Due to Capital Asset	$ (28,721)	$ (31,106)
Due to Staff Benefits		(150)
Due to Trust	(1,957)	(201)
	$ (30,678)	$ (31,457)
Capital Asset Fund:		
Due from Operating	$ 28,721	$ 31,106
Staff Benefits Fund:		
Due from Operating	$	$ 150
Trust Fund:		
Due from Operating	$ 1,957	$ 201

13. INTER-FUND TRANSFERS

Inter-Fund transfers at March 31 are as follows:

	General Operating	Specific Provisions	Expenses Funded From Future Revenues	Capital Asset	Research and Special	Staff Benefits	Trust Fund	Endowment Fund
Employee Future Benefits	$ 3,876	$	$ (445)	$	$	$ (3,431)	$	$
Net Change in Vacation Pay Liability	57		(57)					
Benefit Premiums Net of Employer Contributions for Staff Benefits	1,234					(1,234)		
Appropriations for Specific Provisions:								
Capital Asset Replacements & Improvements	(2,966)	2,966						
Unit Carryovers, Special Projects & Initiatives	(21,269)	21,418		(149)				
Funding of Capital Asset Additions	(24,078)	(218)		37,287	(8,816)		(4,375)	
Long Term Debt Repayments	(5,682)			5,690	(8)			
Student Contributions to University Development Funds	(861)			114				747
Student Contributions for Technology	(3,282)			3,282				
Scholarships, Bursaries & Prizes	(3,465)	(100)		64	(103)		3,604	
Change in Market Value of Endowments							18,268	(18,268)
Other Net Transfers	404			222	(571)		(2,199)	2,144
Overhead Recoveries	3,328				(3,328)			
Funding of General Operating Expenses	9,175	(3,181)		(1,142)	(45)		(4,807)	
Unit Capital Development Assessment	(3,799)			3,799				
Funding of Research Projects	(48)				1,390		(1,342)	
March 31, 2008	$ (47,376)	$ 20,885	$ (502)	$ 49,167	$ (11,281)	$ (4,665)	$ 9,149	$ (15,377)
March 31, 2007	$ (40,071)	$ 3,636	$ 3,513	$ 54,447	$ (6,679)	$ (4,736)	$ (12,513)	$ 2,403

14. CONTRIBUTED CAPITAL ASSETS

Contributions recognized in the Capital Asset Fund include contributed building, capital equipment, library books and artwork of $1,184 (2007, $1,201).

15. PENSION PLANS

The University of Manitoba administers the University of Manitoba Pension Plan (1970), The University of Manitoba GFT Pension Plan (1986) and The University of Manitoba Pension Plan (1993). These are trusteed pension plans. The Trustees are responsible for the custody of the Plans' assets and issuance of annual financial statements, which do not form part of the University's financial statements.

The University of Manitoba Pension Plan (1970) and University of Manitoba Pension Plan (1993) are both money purchase plans with a defined benefit minimum. The funding for the plans requires a matching contribution from the University and the employees. The surplus from the Plans is adequate to fund the Plan and the current level of funding satisfies the requirements of the Manitoba Pensions Benefit Act.

The actuarial present value of accrued pension benefits has been determined using the projected unit credit actuarial cost method, and assumptions developed by reference to expected long term market conditions. An actuarial valuation effective December 31, 2006 was completed in 2007 by Eckler Partners Ltd., a firm of consulting actuaries. The results of this valuation have been extrapolated by Eckler Partners Ltd. to December 31, 2007. As at December 31, 2007, the University of Manitoba Pension Plan (1970) and The University of Manitoba Pension Plan (1993) were in an actuarial surplus of $1,174 (2006, $1,079) and $15,535 (2006, $23,716), respectively. The University cannot access this surplus and as a result, no asset has been recorded.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year, were as follows:

	2007		2006	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Actuarial present value of accrued pension benefits at beginning of year	$ 870,172	$ 20,805	$ 839,732	$ 17,364
Interest accrued on benefits	88,144	1,882	55,348	1,343
Benefits accrued	31,941	1,884	30,012	1,673
Benefits paid	(69,023)	(780)	(56,447)	(781)
Actuarial gain/loss			(2,275)	(189)
Change in asset valuation method				1,395
Change in assumptions			3,602	
Actuarial present value of accrued pension benefits at end of year	$ 921,234	$ 23,791	$ 870,172	$ 20,805

The significant long term assumptions used in the valuation of the accrued pension benefits were a rate of return on assets of 6.0% per annum, a general rate of salary increase of 4.0% and an interest assumption of 5.0% (1970 Plan) and 5.5% (1993 Plan) as the basis for converting member accumulations into annuities. However, in preparing the extrapolation the investment return used for 2007 was 8.81% (1970 Plan) and 9.44% (1993 Plan) being the rate of return for that year based on the actuarial asset values.

The actuarial value of net assets available for benefits, has been determined using a five year moving average fair value method. Under this method, the fair value is the underlying basis, but capital gains and losses are amortized over a five year period.

The fair and actuarial values of net assets available for benefits as at December 31 were as follows:

	2007		2006	
	1993 Plan	1970 Plan	1993 Plan	1970 Plan
Fair value of net assets available for benefits	$ 957,821	$ 25,321	$ 974,371	$ 23,674
Fair value changes not reflected in the actuarial value of net assets	(21,052)	(356)	(80,483)	(1,790)
Actuarial value of net assets available for benefits	$ 936,769	$ 24,965	$ 893,888	$ 21,884

The University recognized expenses equal to its contributions of $15,494 (2007, $14,950) for the 1970 Plan and for the 1993 Plan for the year ended March 31, 2007. Employee contributions matched the employer contributions.

The next full actuarial valuation of the Plans will be effective December 31, 2009 and will be completed in 2010.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan, therefore, there is no requirement for an actuarial valuation of this Plan. The University's contributions to this Plan were $1,604 in 2008 (2007, $1,533).

16. COMMITMENTS AND CONTINGENCIES

The University of Manitoba is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year.

Contractual commitments relating to Construction in Progress amount to $24,990 (2007, $34,971).

The University of Manitoba is named as a defendant in litigations where action has commenced or is anticipated. While the ultimate outcome of these proceedings cannot be predicted at this time, management and its legal counsel are of the opinion that the outcome will not have a material effect on the financial position of the University. No provision has been made in the financial statements in respect of these claims as of March 31, 2008.

17. COMPARATIVE FIGURES

Comparative figures for the year ended March 31, 2007 have been restated, where appropriate, to conform with the presentation adopted for the year ended March 31, 2008.

SCHEDULES (UNAUDITED)

Schedule 1 **Tuition and Related Fees**

	Undergraduate	*Graduate*	*March 31, 2008*	*Undergraduate*	*Graduate*	*March 31, 2007*
Degree Programs						
Regular Session:						
Agricultural and Food Sciences	$ 1,485,973	$ 511,793	$ 1,997,766	$ 1,554,284	$ 615,636	$ 2,169,920
Architecture	1,653,451	491,903	2,145,354	1,486,645	523,941	2,010,586
Arts	13,790,469	873,980	14,664,449	14,485,075	815,352	15,300,427
Clayton H. Riddell Faculty of Environment, Earth, and Resources	1,812,467	444,933	2,257,400	1,724,874	430,053	2,154,927
Dentistry	3,140,382	274,082	3,414,464	3,259,304	191,830	3,451,134
Education	1,894,303	533,962	2,428,265	2,021,981	619,064	2,641,045
Engineering	4,210,968	741,600	4,952,568	3,316,430	701,949	4,018,379
Extended Education	3,761,818		3,761,818	3,833,011		3,833,011
Graduate Studies		125,508	125,508		347,296	347,296
Human Ecology	1,853,286	92,204	1,945,490	1,876,610	68,556	1,945,166
I. H. Asper School of Business	6,403,096	951,278	7,354,374	6,640,132	548,999	7,189,131
Kinesiology and Recreation Management	1,355,167	30,205	1,385,372	1,259,735	56,929	1,316,664
Law	2,204,462	4,973	2,209,435	2,209,733	16,064	2,225,797
Medicine	3,562,327	1,582,463	5,144,790	3,430,205	1,512,939	4,943,144
Music	563,098	24,866	587,964	581,583	25,621	607,204
Nursing	2,721,954	221,125	2,943,079	2,514,858	181,499	2,696,357
Pharmacy	888,076	15,457	903,533	898,820	37,189	936,009
School of Art	1,256,697		1,256,697	1,418,225		1,418,225
Science	15,257,874	597,201	15,855,075	15,491,256	654,672	16,145,928
Social Work	1,072,149	240,892	1,313,041	1,068,930	263,163	1,332,093
University 1	490,602		490,602	437,900		437,900
	69,378,619	7,758,425	77,137,044	69,509,591	7,610,752	77,120,343
Summer Session:						
Agricultural and Food Sciences		5,389	5,389		13,180	13,180
Architecture	57,443	10,904	68,347	39,951	3,384	43,335
Arts	2,527,796	18,011	2,545,807	2,285,348	21,448	2,306,796
Clayton H. Riddell Faculty of Environment, Earth, and Resources	233,852	3,050	236,902	212,002	1,922	213,924
Dentistry	8,775	794	9,569	8,775	5,985	14,760
Education	229,652	12,070	241,722	222,685	32,247	254,932
Engineering	112,367	12,032	124,399	156,883	16,025	172,908
Extended Education	781,756		781,756	950,652		950,652
Human Ecology	333,152	1,587	334,739	295,610	1,901	297,511
I. H. Asper School of Business	1,343,042	22,264	1,365,306	1,253,513	37,779	1,291,292
Kinesiology and Recreation Management	99,562		99,562	114,281	376	114,657
Medicine	143,702	5,055	148,757	143,672	5,701	149,373
Music	23,803		23,803	35,768		35,768
Nursing	438,322	4,512	442,834	354,785	2,632	357,417
Pharmacy	12,209		12,209	11,257		11,257
School of Art	280,294		280,294	244,837		244,837
Science	1,775,806	3,509	1,779,315	1,711,028	7,645	1,718,673
Social Work	315,986	12,420	328,406	333,722	13,230	346,952
	8,717,519	111,597	8,829,116	8,374,769	163,455	8,538,224
Miscellaneous Fees			8,098,368			7,800,313
Non-Degree Programs						
Extended Education			4,258,208			4,460,986
Other Faculties			1,347,472			1,171,847
			$ 99,670,208			$ 99,091,713

Schedule 2 **Changes to Research and Special Fund** *(Page 1)*

	Balance March 31, 2007	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2008*
Sponsored or Assisted Research:					
Government of Canada:					
Canada Foundation for Innovation	$ 602,293	$ 799,525	$ 846,832	$	$ 554,986
Canadian Institutes of Health Research	11,661,399	22,903,709	19,692,334	(76,250)	14,796,524
Canadian International Development Agency	929,737	1,165,992	1,340,893	(167,678)	587,158
Miscellaneous	3,201,810	8,790,809	8,430,389	(154,071)	3,408,159
Networks of Centres of Excellence	508,713	3,600,000	3,323,398		785,315
Natural Sciences and Engineering Research Council	7,374,725	21,072,669	18,708,007	(72,916)	9,666,471
Social Sciences and Humanities Research Council	3,171,739	5,582,467	5,222,405	(21,348)	3,510,453
	27,450,416	63,915,171	57,564,258	(492,263)	33,309,066
Province of Manitoba:					
Agriculture	560,746	906,991	709,298	(5,834)	752,605
Health Research Council	1,305,246	4,087,757	2,844,515		2,548,488
Health Research Initiative	4,598,959	950,000	1,079,807		4,469,152
Miscellaneous	3,595,576	8,081,963	8,057,881	(529,474)	3,090,184
	10,060,527	14,026,711	12,691,501	(535,308)	10,860,429
Business and Industry	5,753,677	4,170,493	4,240,581	184,563	5,868,152
Foundations, Associations, etc.	15,513,647	18,885,480	18,168,976	254,334	16,484,485
Individuals	910,817	191,674	445,361	255,057	912,187
Manitoba Heart Foundation	397,676	899,290	796,484		500,482
National Cancer Institute of Canada	485,670	990,336	1,098,725		377,281
Special Projects	1,929,343	1,233,868	796,094	11,758	2,378,875
United States	7,774,695	18,003,158	18,915,944	(1,017,709)	5,844,200
	32,765,525	44,374,299	44,462,165	(311,997)	32,365,662
Sub-Total	70,276,468	122,316,181	114,717,924	(1,339,568)	76,535,157

Schedule 2 **Changes to Research and Special Fund** *(Page 2)*

	Balance March 31, 2007	*Revenue*	*Expense*	*Inter-Fund Transfers*	*Balance March 31, 2008*
Special Funds:					
Government of Canada:					
Health Canada	$ 801,429	$ 4,262,698	$ 2,084,056	$ (613,104)	$ 2,366,967
Miscellaneous	167,371	118,919	18,321	(12,000)	255,969
	968,800	4,381,617	2,102,377	(625,104)	2,622,936
Province of Manitoba:					
Health	5,516,609	8,751,471	8,124,043	(137,751)	6,006,286
Miscellaneous	36,341	156,438	158,415	(5,987)	28,377
	5,552,950	8,907,909	8,282,458	(143,738)	6,034,663
Business and Industry	(18,923)	97,298	78,452	29,174	29,097
Foundations, Associations, etc.	3,569,934	6,215,545	5,039,996	(20,878)	4,724,605
Individuals	675,166	580,523	532,261	51,808	775,236
Special Projects	2,981,368	2,054,263	697,514	(607,837)	3,730,280
	7,207,545	8,947,629	6,348,223	(547,733)	9,259,218
Sub-Total	13,729,295	22,237,155	16,733,058	(1,316,575)	17,916,817
Total Research and Special Funds	84,005,763	144,553,336	131,450,982	(2,656,143)	94,451,974
Less Capitalized Items			(8,624,649)	(8,624,649)	
		$ 144,553,336	$ 122,826,333	$ (11,280,792)	
Balance End of Year	$ 84,005,763				$ 94,451,974

Schedule 3 **Changes to Capital Asset Fund**

	March 31, 2008	*March 31, 2007*
Revenue:		
Canada Foundation for Innovation	$ 1,781,582	$ 3,096,102
City of Winnipeg	3,172,671	
Contributions and Donations	9,495,310	8,153,751
Council on Post-Secondary Education	8,572,300	8,652,078
Investment and Other Income	3,983,067	3,099,905
Manitoba Research Innovation Fund	2,202,786	5,699,215
Other Province of Manitoba	1,551,000	3,631,720
Western Economic Diversification	1,812,722	1,624,178
	32,571,438	33,956,949
Expense:		
Amortization of Capital Assets	41,078,954	37,918,897
Interest on Bank Loans, Long Term Debt, Capital Advances and Capital Lease Obligations	9,975,598	9,839,430
	51,054,552	47,758,327
Inter-Fund Transfers	49,166,866	54,446,794
Net Change in the Year	30,683,752	40,645,416
Balance Beginning of the Year	515,180,233	474,534,817
Adjustment for Financial Instruments (Note 3)	(1,454,988)	
Balance End of the Year	$ 544,408,997	$ 515,180,233

Schedule 4 **Changes to Specific Provisions Fund**

	Balance March 31, 2007	*Additions*	*Deductions*	*Balance March 31, 2008*
Ancillary Furniture and Equipment Replacement	$ 2,135,421	$ 370,563		$ 2,505,984
Computer Equipment Replacement	2,160,148	1,197,860	1,544,284	1,813,724
Unit Specific Projects	22,838,286	16,817,292	1,066,281	38,589,297
Fiscal Stabilization	4,766,287			4,766,287
Parking Lot Improvements	4,140,392	1,139,950		5,280,342
Special Funding Arrangements	7,139,367	3,660,154	1,413,365	9,386,156
Special Projects & Initiatives	5,131,724	409,164	317,634	5,223,254
Vehicle and Other Equipment Replacement	825,826	266,131	224,116	867,841
Workers' Compensation Self Insurance	250,000	1,589,000		1,839,000
		$ 25,450,114	$ 4,565,680	
Balance End of Year	$ 49,387,451			$ 70,271,885

Schedule 5 **Changes to Staff Benefits Fund**

	Pension Reserve	*Self-Insured Plans*	*Benefit Reserve*	*March 31, 2008*	*March 31, 2007*
Revenue:					
Investment Income	$ 61,448	$ 121,188	$ 60,384	$ 243,020	$ 1,973,861
Contributions		1,420,972		1,420,972	1,328,954
Experience Credits		251,337		251,337	114,330
	61,448	1,793,497	60,384	1,915,329	3,417,145
Expense:					
Experience Loss			563,660	563,660	
Indemnity Payments	56,091	2,087,092		2,143,183	2,040,650
Management and Administrative Services Fees	27,097	366,988	15,012	409,097	380,665
	83,188	2,454,080	578,672	3,115,940	2,421,315
Net Revenue (Expense)	(21,740)	(660,583)	(518,288)	(1,200,611)	995,830
Inter-Fund Transfers	(103,952)	(2,936,537)	(1,625,045)	(4,665,534)	(4,735,995)
Balance Beginning of the Year	4,491,451	4,179,094	4,866,565	13,537,110	17,277,275
Adjustment for Financial Instruments (Note 3)	1,465,374	3,112,755	662,903	5,241,032	
Balance End of the Year	$ 5,831,133	$ 3,694,729	$ 3,386,135	$ 12,911,997	$ 13,537,110

Schedule 6 **Revenue and Expense, Ancillary Services**

	Bookstore, Pharmacy, Post Office	*Parking*	*Residences*	*March 31, 2008*	*March 31, 2007*
Revenue	$20,053,164	$ 5,376,995	$ 5,116,192	$ 30,546,351	$ 29,191,170
Expense:					
Salaries	2,698,535	759,128	1,523,130	4,980,793	4,789,229
Staff Benefits	426,955	118,322	246,060	791,337	749,887
Payroll Tax Levy	58,103	16,350	36,280	110,733	108,192
Cost of Goods Sold	15,374,645			15,374,645	14,789,758
Equipment, Alterations, etc.	16,686	601,596	195,592	813,874	808,685
Utilities	259,760	305,777	1,009,128	1,574,665	1,480,246
Supplies and Expense	578,295	1,216,522	604,074	2,398,891	2,431,453
	19,412,979	3,017,695	3,614,264	26,044,938	25,157,450
Net Revenue	640,185	2,359,300	1,501,928	4,501,413	4,033,720
Inter-Fund Transfers	(640,185)	(2,359,300)	(1,501,928)	(4,501,413)	(4,033,720)
Net Income	$	$	$	$	$

Schedule 7 **Net Operating Expenditures** *(Page 1)*

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 7,240,512	$ 283,297	$ 3,479,358	$ 1,559,402	$ 233,589
Architecture	3,540,709	215,639	845,963	605,223	98,885
Arts	22,605,902	999,492	3,167,900	3,471,940	569,397
Clayton H. Riddell Faculty of Environment, Earth, and Resources	4,038,252	211,285	1,270,717	744,017	117,980
Colleges	500,971	17,773	545,819	155,045	22,872
Dentistry	5,460,202	54,713	3,873,094	1,293,733	201,481
Education	4,783,516	148,091	1,223,945	805,358	131,871
Engineering	7,492,456	765,391	3,109,239	1,497,740	241,947
Extended Education	5,283,801	896,358	3,038,887	1,258,471	201,818
Graduate Studies	551,598	3,066,217	705,207	177,119	25,799
Human Ecology	2,344,189	139,489	594,363	424,476	66,518
I. H. Asper School of Business	7,581,315	208,734	2,139,045	1,287,742	213,750
Kinesiology and Recreation Management	2,080,777	121,032	298,153	324,237	53,318
Law	2,853,163	60,224	649,025	455,452	76,707
Medicine	22,918,208	542,720	7,540,852	4,653,004	665,458
Music	2,440,123	50,582	240,630	354,322	58,269
Nursing	6,108,435	73,585	996,662	1,012,705	157,344
Pharmacy	1,998,758	61,652	315,453	318,721	50,725
School of Art	1,898,796	17,503	372,460	315,577	49,100
Science	16,322,388	1,358,606	3,680,010	2,743,109	453,765
Social Work	3,825,554	268,613	896,964	662,076	107,700
University 1	216,076	186,069	660,943	160,089	22,896
	132,085,701	9,747,065	39,644,689	24,279,558	3,821,189
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(4,342,409)			
	132,085,701	5,404,656	39,644,689	24,279,558	3,821,189
Libraries					
Architecture, Fine Arts & Music Library	291,106	181	306,116	91,271	12,877
Elizabeth Dafoe Library	2,726,776	102	3,775,055	982,538	138,827
Law Library	258,130		250,966	73,087	10,951
Management Library	228,055		192,928	55,454	9,064
Medical Library	1,294,874		1,256,578	403,739	54,786
Sciences & Technology Library	565,417		449,855	145,797	21,852
St. John's College Library	36,357		100,305	22,206	2,942
St. Paul's College Library	48,677		106,885	23,387	3,351
	5,449,392	283	6,438,688	1,797,479	254,650
Less Capitalized Items					
Less Books & Periodicals					
Less Scholarships, Bursaries, Prizes and Awards		(20)			
	5,449,392	263	6,438,688	1,797,479	254,650

Supplies and Expenses	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2008	Deduct Sales of Goods & Services	Net Expenditure March 31, 2008	March 31, 2007
$ 2,436,151	$ 15,232,309	$ 297,915	$ 14,934,394	$ 1,139,551	$ 13,794,843	$ 12,968,864
775,613	6,082,032	56,423	6,025,609	115,946	5,909,663	5,959,489
2,019,752	32,834,383	81,990	32,752,393	170,485	32,581,908	32,989,182
678,848	7,061,099	149,108	6,911,991	230,256	6,681,735	6,971,248
234,227	1,476,707	25,733	1,450,974	2,305	1,448,669	1,359,897
4,171,903	15,055,126	1,600	15,053,526	4,911,313	10,142,213	9,871,949
669,947	7,762,728	76,182	7,686,546	10,156	7,676,390	7,643,627
2,073,940	15,180,713	198,940	14,981,773	316,385	14,665,388	14,819,651
3,496,812	14,176,147	89,306	14,086,841	380,324	13,706,517	13,910,409
470,300	4,996,240	(60)	4,996,300	28,456	4,967,844	4,526,698
438,560	4,007,595	19,782	3,987,813	132,992	3,854,821	3,593,572
1,640,323	13,070,909	298,269	12,772,640	121,595	12,651,045	12,139,636
424,059	3,301,576	71,427	3,230,149	48,591	3,181,558	2,788,940
425,650	4,520,221	10,182	4,510,039	54,045	4,455,994	4,219,197
8,663,985	44,984,227	1,505,921	43,478,306	2,381,905	41,096,401	36,153,428
927,565	4,071,491	3,000	4,068,491	956,504	3,111,987	3,128,930
714,906	9,063,637	173,884	8,889,753	188,844	8,700,909	9,026,976
419,156	3,164,465		3,164,465	8,801	3,155,664	2,897,180
226,640	2,880,076	2,100	2,877,976	34,200	2,843,776	2,680,380
3,748,961	28,306,839	539,075	27,767,764	471,287	27,296,477	25,738,274
869,027	6,629,934	178,043	6,451,891	122,318	6,329,573	6,075,038
209,994	1,456,067	6,460	1,449,607	11,171	1,438,436	1,359,308
35,736,319	245,314,521	3,785,280	241,529,241	11,837,430	229,691,811	220,821,873
(5,505,276)	(5,505,276)		(5,505,276)		(5,505,276)	(4,939,304)
	(4,342,409)		(4,342,409)		(4,342,409)	(3,881,343)
30,231,043	235,466,836	3,785,280	231,681,556	11,837,430	219,844,126	212,001,226
20,097	721,648		721,648		721,648	724,845
9,953,158	17,576,456	39,146	17,537,310	371,363	17,165,947	16,631,646
7,707	600,841	883	599,958	12,283	587,675	597,165
3,519	489,020		489,020		489,020	475,376
174,909	3,184,886	15,764	3,169,122	62,213	3,106,909	2,960,194
14,849	1,197,770		1,197,770		1,197,770	1,213,101
1,741	163,551		163,551		163,551	156,170
6,275	188,575		188,575		188,575	178,315
10,182,255	24,122,747	55,793	24,066,954	445,859	23,621,095	22,936,812
(207,756)	(207,756)		(207,756)		(207,756)	(323,714)
(8,325,113)	(8,325,113)		(8,325,113)		(8,325,113)	(8,076,847)
	(20)		(20)		(20)	
1,649,386	15,589,858	55,793	15,534,065	445,859	15,088,206	14,536,251

Schedule 7 **Net Operating Expenditures** *(Page 2)*

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Student Affairs					
Aboriginal Student Centre	$ 8,053	$ 16,859	$ 89,162	$ 16,633	$ 2,447
Alumni Association			108,176	15,261	2,299
Enrolment Services	794,307	111,377	1,688,570	387,717	55,849
Housing and Student Life			40,027	6,636	867
International Centre for Students	150	17,572	331,226	58,988	7,513
Recreation Management	1,674,792	224,707	2,042,287	509,477	84,433
Registrar's Office	2,150	89,144	1,449,427	215,327	33,148
Special Programming	413,404	55,232	1,338,506	257,639	38,872
Student Counseling & Career Centre	576,903	2,180	132,838	101,822	15,328
U.M.S.U. Special Projects					
University Health Services			580,149	80,902	12,824
	3,469,759	517,071	7,800,368	1,650,402	253,580
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(36,480)			
	3,469,759	480,591	7,800,368	1,650,402	253,580
Administration					
Audit Services		8,308	251,623	35,064	5,569
Development & Advancement Services	11	116,264	1,486,894	252,331	35,058
Financial Services	300	24,314	3,998,901	641,219	86,594
Government Relations			212,676	28,628	4,621
Human Resources		19,511	3,902,375	598,254	84,486
Institutional Analysis			515,365	77,179	11,104
International Relations	8,750	624	201,109	34,562	4,530
Legal Services			292,245	47,252	6,298
Ombudsman			75,441	12,090	1,626
President's Office	1,412,975	53,467	4,120,766	760,357	120,663
Public Affairs		100	570,607	90,207	12,299
Treasury Services		14,764	190,213	27,195	4,415
University Accessibility			133,946	17,684	2,886
University Centre Management		9,040	527,295	82,481	11,541
University Secretariat			347,937	53,482	7,476
Visitor's Centre			31,359	2,500	674
	1,422,036	246,392	16,858,752	2,760,485	399,840
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards					
	1,422,036	246,392	16,858,752	2,760,485	399,840
Physical Maintenance					
Insurance					
Physical Plant	1,163	25,729	17,037,524	2,808,539	367,081
Security	44	96,642	1,658,929	265,313	37,778
Utilities					
Telephone		517	399,609	69,494	9,569
Workers' Compensation	2,000		48,640	8,410	1,045
	3,207	122,888	19,144,702	3,151,756	415,473
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards					
	3,207	122,888	19,144,702	3,151,756	415,473

		Deduct	Total Expenditure	Deduct	Net Expenditure	
Supplies and Expenses	Gross Expenditure	Inter-Departmental Income	March 31, 2008	Sales of Goods & Services	March 31, 2008	March 31, 2007
$ 86,705	$ 219,859	$	$ 219,859	$	$ 219,859	$ 235,750
544,543	670,279		670,279		670,279	661,073
1,215,237	4,253,057	180	4,252,877	395,250	3,857,627	3,328,730
15,935	63,465		63,465		63,465	68,616
68,999	484,448	12,900	471,548	14,582	456,966	445,495
2,639,094	7,174,790	96,202	7,078,588	4,975,297	2,103,291	1,747,224
616,586	2,405,782	69,853	2,335,929	422,068	1,913,861	1,839,028
332,705	2,436,358	3,192	2,433,166	171,618	2,261,548	2,107,489
44,325	873,396		873,396	5,551	867,845	811,584
9,000	9,000		9,000		9,000	9,000
92,722	766,597	4,874	761,723	483,970	277,753	244,931
5,665,851	19,357,031	187,201	19,169,830	6,468,336	12,701,494	11,498,920
(392,578)	(392,578)		(392,578)		(392,578)	(113,711)
	(36,480)		(36,480)		(36,480)	(9,551)
5,273,273	18,927,973	187,201	18,740,772	6,468,336	12,272,436	11,375,658
36,054	336,618		336,618		336,618	325,271
482,907	2,373,465		2,373,465		2,373,465	2,361,142
335,795	5,087,123	19,403	5,067,720	12,900	5,054,820	4,966,918
33,917	279,842		279,842		279,842	258,078
913,266	5,517,892	336,206	5,181,686	535,038	4,646,648	4,614,681
31,264	634,912		634,912		634,912	628,766
159,683	409,258	47,652	361,606	8,713	352,893	425,789
606,941	952,736		952,736		952,736	671,189
8,983	98,140		98,140		98,140	97,183
1,938,164	8,406,392	361,194	8,045,198	140,189	7,905,009	7,537,593
598,285	1,271,498	41,155	1,230,343	(110)	1,230,453	1,117,777
19,394	255,981		255,981		255,981	265,466
24,414	178,930		178,930		178,930	185,888
435,972	1,066,329	10,000	1,056,329	657,746	398,583	356,424
88,687	497,582		497,582		497,582	470,952
	34,533	2,882	31,651		31,651	30,670
5,713,726	27,401,231	818,492	26,582,739	1,354,476	25,228,263	24,313,787
(287,591)	(287,591)		(287,591)		(287,591)	(475,181)
5,426,135	27,113,640	818,492	26,295,148	1,354,476	24,940,672	23,838,606
1,558,947	1,558,947		1,558,947		1,558,947	1,529,623
9,469,747	29,709,783	5,414,461	24,295,322	597,800	23,697,522	22,464,805
180,629	2,239,335	771,107	1,468,228	2,676	1,465,552	1,391,118
15,272,532	15,272,532	1,692,205	13,580,327	1,814,186	11,766,141	10,608,670
1,492,539	1,971,728	2,503,223	(531,495)	179,158	(710,653)	(460,361)
464,805	524,900		524,900	145,542	379,358	783,433
28,439,199	51,277,225	10,380,996	40,896,229	2,739,362	38,156,867	36,317,288
(3,346,414)	(3,346,414)		(3,346,414)		(3,346,414)	(2,606,148)
25,092,785	47,930,811	10,380,996	37,549,815	2,739,362	34,810,453	33,711,140

Schedule 7 **Net Operating Expenditures** *(Page 3)*

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Other Academic Support					
Information Services and Technology	$	$ 28,560	$ 8,490,207	$ 1,301,470	$ 183,687
Institutes, Centres and Specialized Academic Units	389,494	40,364	797,936	180,418	26,516
Research Development			49,545	10,142	1,066
Staff Development Program	19,271		62,724	30	43
	408,765	68,924	9,400,412	1,492,060	211,312
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(1,815)			
	408,765	67,109	9,400,412	1,492,060	211,312
General Expenditure					
Access Copyright Licence Fees					
Audit Fees/Memberships					
Bad Debts					
Change in Vacation Pay Liability					
Employee Assistance Plan					
Exchange and Bank Charges					
Miscellaneous			1,062	91	22
Outreach Programs	1,000			15	22
Shuttle Bus					
Supplementary Health, Dental and Pensions	564			2,415,303	
	1,564		1,062	2,415,409	44
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards					
	1,564		1,062	2,415,409	44
Total of Operating Expenses	$ 142,840,424	$ 10,702,623	$ 99,288,673	$ 37,547,149	$ 5,356,088
Less Total Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(4,380,724)			
Total Net Operating	$ 142,840,424	$ 6,321,899	$ 99,288,673	$ 37,547,149	$ 5,356,088

Supplies and Expenses	Gross Expenditure	Deduct Inter-Departmental Income	Total Expenditure March 31, 2008	Deduct Sales of Goods & Services	Net Expenditure March 31, 2008	Net Expenditure March 31, 2007
$ 6,453,000	$ 16,456,924	$ 704,500	$ 15,752,424	$ 101,815	$ 15,650,609	$ 15,318,675
1,076,803	2,511,531	87,319	2,424,212	1,209,763	1,214,449	1,081,438
2,219,581	2,280,334		2,280,334	1,855,010	425,324	275,030
181,851	263,919		263,919		263,919	300,148
9,931,235	21,512,708	791,819	20,720,889	3,166,588	17,554,301	16,975,291
(2,585,254)	(2,585,254)		(2,585,254)		(2,585,254)	(1,943,388)
	(1,815)		(1,815)		(1,815)	(30,544)
7,345,981	18,925,639	791,819	18,133,820	3,166,588	14,967,232	15,001,359
492,987	492,987	258,997	233,990		233,990	(73,958)
299,792	299,792		299,792		299,792	268,958
259,290	259,290		259,290		259,290	185,659
57,018	57,018		57,018		57,018	543,763
242,534	242,534		242,534		242,534	204,147
(123,106)	(123,106)		(123,106)		(123,106)	(240,341)
500,604	501,779		501,779		501,779	11,696
8,813	9,850		9,850		9,850	12,874
258,535	258,535	53,000	205,535		205,535	240,280
	2,415,867		2,415,867	391,154	2,024,713	1,929,114
1,996,467	4,414,546	311,997	4,102,549	391,154	3,711,395	3,082,192
1,996,467	4,414,546	311,997	4,102,549	391,154	3,711,395	3,082,192
$ 97,665,052	$ 393,400,009	$ 16,331,578	$ 377,068,431	$ 26,403,205	$ 350,665,226	$ 335,946,163
(20,649,982)	(20,649,982)		(20,649,982)		(20,649,982)	(18,478,293)
	(4,380,724)		(4,380,724)		(4,380,724)	(3,921,438)
$ 77,015,070	$ 368,369,303	$ 16,331,578	$ 352,037,725	$ 26,403,205	$ 325,634,520	$ 313,546,432

Schedule 8 **Research & Special Fund Expenditures**

	Salaries and Wages				
	Academic	*Student Wages Scholarships, Etc.*	*Support*	*Staff Benefits*	*Payroll Tax Levy*
Academic Faculties, Colleges & Units					
Agricultural and Food Sciences	$ 1,131,115	$ 3,073,075	$ 1,577,567	$ 411,648	$ 73,520
Architecture	3,353	69,579	4,114	2,995	1,021
Arts	293,224	731,507	128,756	82,908	18,980
Clayton H. Riddell Faculty of Environment, Earth, and Resources	758,875	1,418,943	341,515	140,911	26,038
Colleges		27,219	16,801	3,608	1,024
Dentistry	68,330	110,991	157,551	34,222	5,472
Education	33,980	91,501	14,844	7,585	2,570
Engineering	1,055,762	3,102,667	615,610	198,484	36,682
Extended Education	240,010	26,332	167,910	12,162	2,859
Graduate Studies	6,121	3,253,759	(2,000)		
Human Ecology	117,742	416,008	281,566	53,060	10,176
I. H. Asper School of Business	279,421	125,273	254,580	74,617	12,632
Kinesiology and Recreation Management	269,506	256,900	106,554	40,393	7,716
Law	9,000	100,269	29	6,444	2,155
Medicine	7,276,907	6,758,101	11,719,237	2,571,663	377,111
Music			138	4	3
Nursing	356,941	174,259	284,212	51,747	10,035
Pharmacy	327,189	206,628	191,372	64,099	11,210
School of Art	2,300				
Science	1,068,108	2,147,703	474,341	195,804	32,213
Social Work	86,397	43,174	105,404	17,869	2,438
	13,384,281	22,133,888	16,440,101	3,970,223	633,855
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(4,483,486)			
	13,384,281	17,650,402	16,440,101	3,970,223	633,855
Libraries	11,324		47,682	5,035	1,029
Less Capitalized Items					
	11,324		47,682	5,035	1,029
Student Affairs		409,219	2,176	147	47
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(409,219)			
			2,176	147	47
Administration	66,256	506,576	841,002	146,327	26,616
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(19,527)			
	66,256	487,049	841,002	146,327	26,616
Plant Maintenance					
Less Capitalized Items					
General			1,705	130	37
Less Capitalized Items					
			1,705	130	37
Other Academic Support					
Institutes, Centres and Specialized Academic Units		10,641		598	229
Research Development					
		10,641		598	229
Less Capitalized Items					
		10,641		598	229
Total of Research and Special Fund Expenses	13,461,861	23,060,324	17,332,666	4,122,460	661,813
Less Capitalized Items					
Less Scholarships, Bursaries, Prizes and Awards		(4,912,232)			
Total Net Research and Special Fund Expenses	$ 13,461,861	$ 18,148,092	$ 17,332,666	$ 4,122,460	$ 661,813

Supplies and Expenses	March 31, 2008 Gross Expenditure	March 31, 2007 Gross Expenditure
$ 5,091,510	$ 11,358,435	$ 10,314,060
73,282	154,344	146,587
2,505,603	3,760,978	3,272,288
4,245,841	6,932,123	4,381,665
3,763	52,415	98,851
242,779	619,345	734,153
360,978	511,458	986,617
8,521,680	13,530,885	10,598,697
217,528	666,801	426,207
4,316	3,262,196	2,976,128
895,739	1,774,291	1,483,788
523,500	1,270,023	1,215,832
637,441	1,318,510	1,745,411
26,143	144,040	116,037
42,483,673	71,186,692	67,185,172
20,555	20,700	10,379
513,067	1,390,261	1,030,189
403,773	1,204,271	1,369,621
28,762	31,062	41,541
3,457,498	7,375,667	6,906,804
371,573	626,855	962,297
70,629,004	127,191,352	116,002,324
(8,594,287)	(8,594,287)	(4,517,102)
	(4,483,486)	(3,403,456)
62,034,717	114,113,579	108,081,766
76,158	141,228	131,983
(5,415)	(5,415)	(1,942)
70,743	135,813	130,041
171,772	583,361	655,007
		(1,417)
	(409,219)	
171,772	174,142	653,590
1,549,995	3,136,772	2,159,753
(24,946)	(24,946)	
	(19,527)	(4,025)
1,525,049	3,092,299	2,155,728
153,229	153,229	287
153,229	153,229	287
25,707	27,579	28,168
25,707	27,579	28,168
9,992	21,460	82,061
196,000	196,000	267,000
205,992	217,460	349,061
		(3,127)
205,992	217,460	345,934
72,811,857	131,450,981	119,326,583
(8,624,648)	(8,624,648)	(4,523,588)
	(4,912,232)	(3,407,481)
$ 64,187,209	$ 117,914,101	$ 111,395,514